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The Nation's Business

Dr. R. J. Manion Has Work To Do

WHEN the Prime Minister asked Hon. R. J. Manion for specific examples of patronage in Canada's war effort, the Conservative leader cited one or two letters he had received, making vague charges, and then referred Mr. King to The Financial Post's defense articles. He went on to say that his own further details would be reserved for the meeting of Parliament.

It is to be hoped that Dr. Manion will turn the intervening weeks to good advantage. As leader of His Majesty's Loyal Opposition he has a very important democratic function to perform, that of watch-dog of the public treasury and constructive critic of the business methods of the Government.

The material published by The Post has been gathered by its own staff and at its own expense. It has had no contact with Dr. Manion or his aides. It will continue to carry on its work in the interests of the taxpayers and citizens of Canada, without regard to the activities or wishes of any party—Liberal, Conservative or otherwise.

* * *

Financing Britain's War Purchases

OFFICIAL appointment of a British Supply Mission in Canada and the United States may speed up protracted negotiations under way between Canada and Great Britain as to the extent and manner of payment for war materials and supplies.

Last week agreements were reached with Canadian base metal producers. These involve at least $75 millions annually. They were made directly between the British Ministry of Supply and individual Canadian producers. The producers are assured of payment in Canadian dollars at the prices and quantities agreed upon and already announced. How and where the British Government will find these dollars to make payment is not yet announced.

Apart from these agreements, small initial orders for munitions aggregating perhaps about $10 millions have been placed through the Canadian War Supply Board. Money for this business will presumably be supplied by the Canadian Government. Subsequently Canada will be reimbursed by England either in gold, in the proceeds of repatriated securities or in "credits" — book entries in our international balance sheet.

As yet undecided are the terms upon which this country shall sell the major portion of its war supplies and resources — airplanes, wheat, bacon, shells, etc. This business in aggregate may total as much as a billion dollars annually. Equally important are the negotiations for financing the huge air training scheme.

* * *

THE easy way would be for Canada to pay little heed to the ultimate method of payment. We are at war; Britain is our ally and our motherland. Canada (it might be argued) should be concerned merely to provide the sinews of war as cheaply and as expeditiously as possible and to grant substantial dollar credits to Britain for the purpose.

But if this war is to be won by "staying power," then Canada does well to thrash out with Britain in this present lull before the storm the long and short of mutual war-finance problems.

Such discussions will reveal that Britain's most serious problems are (1) finding dollars to pay for her Canadian and her U. S. purchases and (2) the necessity for keeping her cost of living at or about present levels.

Canada, in her turn, must insist that war financing be undertaken as far as possible in an orderly manner so as to increase and conserve working capital in the early stages of our war effort and avoid not only inflation but also the aftermath of an inter-allied war debt problem such as has plagued the leading Anglo-Saxon nations for the past two decades.

Canada has already tightened her belt to finance this war on a pay-as-you-go basis. We will tighten it much further if need be and be generous and unstinting in our contribution to the Allied cause. Meanwhile, finding the best means of conserving and utilizing these resources for a long struggle is important. Canada must be practical as well as heroic in her war effort.

Canada's part in these negotiations is being looked after by Hon. J. L. Ralston and his departmental aides. Canada might usefully send one or more financial experts to Great Britain to assist Hon. Thomas Crerar and his trade and agricultural associates in discussing similar problems in England.

* * *

St. Lawrence Treaty and Transportation Policy

WHILE not opposing development of power on the St. Lawrence, the Midland Free Press, speaking editorially for "we people who live in the Georgian Bay area," has made a strong plea against the building of a great canal to tidewater which, presumably, would be operated at public expense and would compete unfairly with existing systems of transportation.

Says the Fress Press:

"We . . . are against such a canal because of its effect on our

(Continued on page 2, col. 3)

Fifty Per Cent Profit In Seven Months

That is What One Alert Real Estate Operator in Montreal Made When He Dealt With Canada's Defense Administration

The exchange of notes between the Conservative leader and the Prime Minister seems to have established two points:

1. Dr. Manion's chief complaint is not so much that patronage continues in wartime as that the Conservatives are not getting in on it.

2. When the Prime Minister undertook to eliminate patronage in every phase of our war effort he was thinking only of war activities. He had no intention of eliminating the use of patronage lists in other departments of Government. In fact, when he replied to Dr. Manion last week, he asked for specific details of political patronage **"with respect to those matters which are a part of Canada's war effort."**

There is a much larger issue involved and it is the one in which the public—now called upon to pay sacrificial taxation—is most interested: the question of entirely eliminating the spoils system in the handling of Government business, whether in matters directly related to the war or otherwise.

As the Ottawa Journal put it this week:

> "Mr. King and Mr. Manion, when they get down to cases, and assuming that they are really and equally anxious to do the right thing, should deal with more than patronage in war appointments and war contracts. They should deal with it wherever it is found to exist in Government departments or in ordinary Government business. That it does exist in Government departments, and also in ordinary Government business, no one need have much doubt.
>
> "There should be a blackout of it—and the sooner the better."

Patronage is only part of the issue that has been raised by The Financial Post in its articles on the conduct of Canada's preparations for war.

Political favoritism has been rampant; but so have wasteful spending, unbusinesslike methods in awarding contracts, weakness and carelessness in the administration of defense.

* * *

Dr. Manion's charges of patronage brought from the Prime Minister a request for specific examples. In reply Dr. Manion referred him to recent articles in The Financial Post.

The Financial Post has been giving such examples for weeks. Mr. King's answer has been overwhelming silence and inaction.

Is there any evidence that Mr. King wants specific examples or that he would act upon them if further ones were presented?

We repeat what we said in a recent issue:

> **"The articles in The Financial Post have cited many examples of unbusinesslike methods and of political favoritism in the spending of our defense millions. Contracts have been let to party friends. Contracts have been let on a cost-plus basis with inadequate control of possible profits. Contracts have been let to firms with ill-equipped plants or no plants at all.**
>
> **"What does Prime Minister King think of such methods of doing Government business, whether in the defense department or elsewhere? Does he approve? He has said that patronage and profiteering in the conduct of the war are out for the duration of the war.**
>
> **"But the minister under whose direction such contracts were entered into remains a member of Canada's wartime cabinet. Is that Mr. King's real verdict upon the contracts and methods The Financial Post has been revealing?"**

These are questions that the whole country is putting to the Prime Minister. These are questions that must be answered if all groups, all classes in Canada are to have full confidence in the administration of Canada's national affairs in wartime.

* * *

Here is another example, small in itself, but highly significant as showing how easily profits come to alert promoters when they are shrewd enough to do business with the kind of political administrators Mr. King seems to regard as suitable for Canada's war cabinet.

> **On Sherbrooke Street West, in Montreal, is a red brick, two-story building.**
>
> **On January 4, 1937, it was sold by its previous owner to Maurice Shulman, styled in the relevant documents as an "advocate." The price was $12,000, according to the entry in the registry office.**
>
> **On August 16, 1937, a little more than seven months later, the building was sold by Shulman to "H. M. King, acting by the Hon. Minister of National Defense."**
>
> **The price was $18,000.**
>
> **Thus the building advanced in price between the time Shulman bought it and the time he sold it by $6,000—or 50%.**

Now a $6,000 profit in seven months is not a large sum in a $500 million Dominion budget.

But a 50% profit in seven months seems to be rather steep. The public will be entitled to ask if the owner could have earned any such profit had he been dealing with someone other than a Government department.

The Financial Post's investigations have uncovered more than one case of "middlemen" extracting a profit when the Government buys a piece of property or a piece of equipment.

A single example of much too substantial middleman's profit may mean little. But when the same kind of quick profit appears over and over again it begins to look like a system — a political racket. When money is spent prodigally instead of frugally, then the country feels impelled to protest.

* * *

The Globe and Mail, Toronto, cites the award of a $106,280 contract for stables for the Mounted Police. It points out that, according to the latest annual report of the R.C.M.P., they have 48 horses in Ottawa. That works out to a capital investment of $2,214 per horse.

The Globe and Mail puts the blame in its case on the Mounted Police, suggesting that they need a "night school for some of their officers rather than a stable for their horses." But the public will put the blame where it belongs, on the head of this Government. The Prime Minister has assumed responsibility for the conduct of government in Canada during the war. He has promised an end to patronize—(with limitations). He is the one who is shielding the weak and incompetent ministers. He is the one who refuses to replace them with stronger, more experienced men in whom the country can have confidence.

He is the one who will have to answer to the public.

Godbout Acts To Strengthen Quebec Status

Business and Industry Look for More Stability in Government

STOP-ORDERS OUT

From Our Own Correspondent

MONTREAL. — Premier Adelard Godbout, as head of the newly elected Liberal Government in Quebec, has already given indications that he intends to place the administration of the province on a more stable basis than was the case when his predecessor, Maurice Duplessis, was in office.

Business in Quebec has been out on a limb for a long time. This condition was due in part to the legislation put on the books by the Duplessis Government and in part to the manner in which Mr. Duplessis enforced the rulings of his Government.

Much of the legislation was rushed through without proper consideration as to effect on business. The administration more often than not was in incompetent hands, or subjected to the vagaries of the Premier. As a consequence there was no little confusion in business circles as to what next the Government would do. It was unsettling and, in a number of instances, costly.

Clean Up Debts

No one knows exactly the extent of the floating debt piled up by the Duplessis Government. Conservatively estimated at $50 millions, the final returns may show a figure as high as $100 millions. Arrangements will have to be made to fund this debt, either temporarily by bank loans or on a long-term arrangement.

It is generally believed that the new government will have the full support of the banks in this regard. Also it will have the support of business, even though the latter is somewhat fearful of what the debt heritage left by the Duplessis Government will mean in increased taxes. The latter is a foregone conclusion.

Clean Out Deadwood

The second move by the new government has to do with the extravagances of administration. In a recent interview Premier Godbout stated "there has been a foolish increase in the civil service which was absolutely unjustifiable. There have been staff increases beyond all reasonable need."

One of the most criticized departments of the former Government was the Department of Labor under Hon. William Tremblay which administered the Fair Wage Board. All negotiations of this Board have been suspended for the time being.

A shake-up in the Fair Wage Board, which has been very arbitrary in its rulings, will be welcomed by Quebec business. It is taken for granted

(Continued on page 2, col. 1)

Highlights

Oil and gasoline are consumed in prodigious quantities in modern warfare. What this means to the rapidly developing western oil industry in Canada is revealed in an exhaustive survey of all aspects of the industry.

Oil Industry Supplement—p. 11-14.

* * *

Newsprint securities with particularly interesting investment possibilities are being surveyed in a series of articles. This issue presents the latest analysis by the staff authority on the industry.

Lake St. John—p. 9.

* * *

Civilian efforts to aid and supplement official prosecution of Canada's war activity are being reported in a series of articles in The Post. This week's article deals with the Red Cross.

The Home Front—p. 20.

* * *

Variety of choice still available to Canadians with time and money for winter travel is highlighted by the monthly travel page.

Prospect Bright—p. 10.

Canada at War

Bankers and War—p. 8
Big Crop, War Orders—p. 1
British Exporters—p. 20
Excess Profits Tax—p. 1
Home Front—p. 20
Inter. Securities Trade—p. 15
Oil Vital in War—p. 11
Paperboard Industry—p. 9
Soldiers' Diet—p. 17
War Hits Building—p. 7
War Metals—Chromium—p. 19
War Stirs Shipbuilding—p. 15

To Levy With Discretion War Excess Profits Tax

The wartime Excess Profits Tax is not going to be levied in a ruinous way on reorganized and new companies. So The Financial Post learns reliably.

While no official statement has been forthcoming from taxation officials at Ottawa, apparently authorities have reached the conclusion that the special levy will have to be applied with discretion and common sense.

This means that shareholders in companies that have been put through the wringer of reorganization, that have been "dewatered" perhaps to an excessive degree, will not be penalized too heavily in comparison with companies whose reorganization plans have been long delayed.

An obvious comparison is between Consolidated Paper and Abitibi Power & Paper. In the former case reorganization left the company with outstanding capital and surplus, shown in the company's balance sheet at $2.4 millions. As it has shown no net earnings at all in recent years, this meant that it could earn only $120,000 odd under war conditions before being subjected to a heavy "excess profits" even if it elected to be taxed on the basis of the tax on all profits over 5% of capital.

Abitibi, on the other hand, still retains its original capitalization. By claiming exemption on the 5% of earnings on its capital and surplus it could earn up to $2.7 millions a year before becoming liable for any levy.

Throughout the whole list of Canadian corporations many such comparisons could be made

It will be recalled that the war budget imposed two new income taxes on corporations.

(a) A 20% increase (from 15 to 18%) in the ordinary corporation income tax. For companies presenting "consolidated" returns, the rate was increased to 30%.

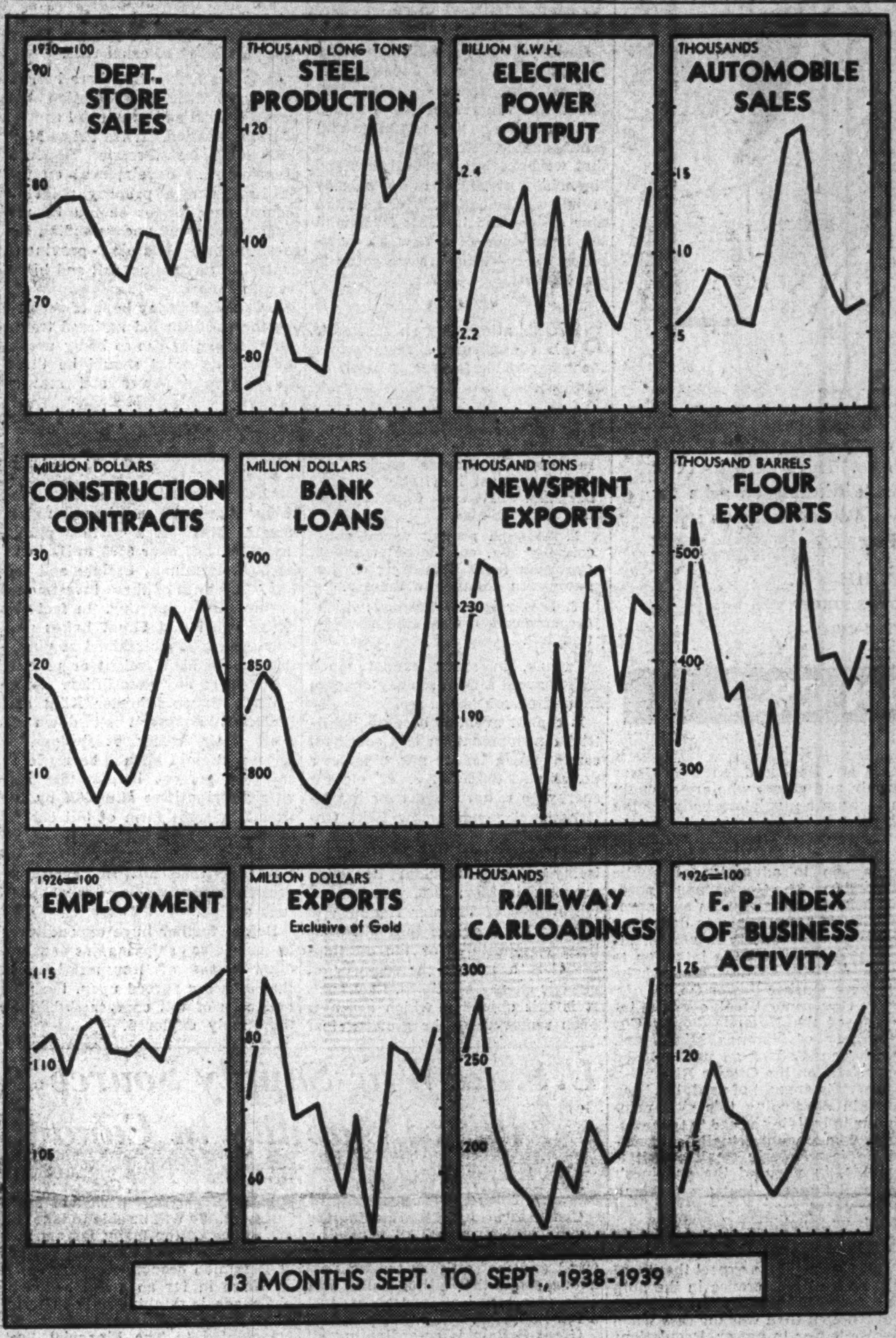
(b) An excess profits tax. Business firms and corporations were given two options respecting the Excess Profits Tax.

Under one option they could pay 50% of any increase in their profits over and above average profits for their fiscal years ending 1936, 1937, 1938 and 1939.

To cover cases of new companies and reorganized companies that

(Continued on page 3, col. 4)

Big Wheat Crop and War Orders Push Canadian Business Levels High



Canadian business is finishing the fall season with most indices pointing sharply higher. Above charts cover the thirteen month period ended October 1.

Bulk of Key Factors Point Sharply Higher Buying Power Gains

Canadian business is on the uptrend.

Beginning last spring, when The Financial Post Business Index showed the first rise since the preceding autumn, the recovery has made steady progress. Recently the pace has been more rapid.

A number of factors have contributed to the movement:

Earlier in the year it became evident that the accumulated demand for goods of various kinds, kept latent by the business recession which set in late in 1937, could no longer be kept back. It began to make itself felt in the demand for various classes of goods.

A fairly good crop in 1938 had meant an improvement in the position of the West. The threat of war, overhanging so long, lost some of its terrifying influence. People had become accustomed to it and began to regain confidence, realizing that business must go on, war or no war. Quick and substantial recovery in the United States had a favorable effect, especially with the new trade treaty in force. Deposits in the chartered banks had been reaching new highs monthly. This meant that there was an increasing volume of funds seeking profitable investment.

On Broad Foundation

All these favorable factors contributed to a sound and broad foundation for a real business advance, an advance which even the outbreak of war failed to halt more than temporarily.

Now with the foundation firmly in place came two additional and huge generators of purchasing power, the best wheat crop in 10 years and the beginning of substantial war orders for the Allied armies.

These last two factors have given impetus to movements in the various departments of business already under way. Before either of them had become operative the statistics showed railway carloadings pointing upward, employment gaining, demand for electric power increasing, bank credit expanding.

Good Business in West

Once a bumper wheat crop was assured and a guaranteed price announced, it was evident that western Canada especially was in for a period of better times.

Price, it is true, has proved disappointing in view of war conditions but even at present figures the huge volume has meant a great influx of new money into the three Prairie Provinces. Not only did the crop mean a sharp recovery in the volume of western trade, but it meant better business for the transportation companies, east as well as west, for Canadian manufacturers generally, for the vital financial institutions.

Overshadowed by the outbreak of war, the changes wrought by this first big wheat crop since the cycle of drought years have been overlooked by many Canadians.

Inventory Buying

While business had been making strong advances before the declaration of war, the actual outbreak has been followed by a sharp expansion in activity in various lines. The war removed the fear among manufacturers and merchants that, if they bought in any volume ahead, they might get caught on a declining market. Inventories were immediately stepped up, this move in itself stimulating trade and industry materially. In addition, such war orders as have been placed, though not as large as expected later on, have helped business. Factories making uniforms, boots and shoes, etc., have had to increase their staffs.

Consumer buying has been active, and while the first war flurry has subsided, merchants report a volume of business ahead of last year. In a number of cases companies have announced increases in wages to their employees. This in turn, along with more general employment as well as the money being distributed in army pay, means a better demand for goods with its far-reaching ramifications.

Keen observers are pointing out, however, that wage increases and price advances, while constructive up to a certain point, contain the germ of inflation which might be dangerous. Care will have to be taken, it is pointed out, to check both unjustified price advances and wages increases.

The same observation is made regarding the building up of inventories. In the United States commentators have been warning that inventories may be a little high and that consequently a falling off in demand and production may be seen in the first quarter of the New Year. In Canada inventories buying may have been more moderate, but farsighted executives feel that the situation will bear watching.

Manion's Patronage Charge Ends Political Armistice

Opposition Leader Cites Financial Post Articles Exposing Unbusinesslike Methods and Political Favoritism in Awarding Defense Contracts

From Our Own Correspondent

OTTAWA.—The truce is ended.

With Hon. R. J. Manion's statement last week it may be assumed that political controversy, centring largely upon Canada's war effort, will gradually grow in intensity, culminating next session in one of the bitterest conflicts since the famous war scandal session of 1915. Indeed, in the sphere of politics, the pattern of the present war seems to be following very closely that of its 1914-1918 predecessor. The initial truce in 1914 lasted about the same length of time as the truce of 1939.

Not only does Dr. Manion, in his statement, charge the Government with permitting influence and patronage to mar the country's war effort, but he states that "in the future, we will feel ourselves at liberty to criticize when that action seems to be in the public interest and not continue, as we have been doing, to avoid criticism of the Government even when we felt that certain incidents deserved it."

He approves of the Government's policy of retaining full control of the war programme and notes that an "alert and constructively critical opposition is second only in importance to the Government itself."

It will be recalled that the Liberal opposition in 1914-15 became intensely critical of what it regarded as inefficiency, patronage and favoritism in the Borden Government's administration with respect to the war. The correspondence between Sir Robert and Sir Wilfrid, then made public, shows that Sir Wilfrid took much the same position as does the present leader of the opposition. Sir Wilfrid agreed that, because of the war, the "field of party controversy should be narrowed and the field of common action broadened," but proceeded to say that "neither in Parliament nor the press can we expect nor should we desire the suppression of discussion . . . The Canadian Parliament cannot be expected to abdicate its functions."

The session of 1915 brought the blow-up, charges and counter-charges, royal commission enquiries and embittered debates. The 1940 session promises not to be far behind that of 1915 in these respects.

In 1915 Sir Sam Hughes, then Minister of National Defense, was the man against whom the charges of favoritism and patronage were made. He was, of course, retained in the Cabinet long after many

(Continued on page 2, col. 5)

Celanese Profits Show Wide Gain

From Our Own Correspondent

MONTREAL. — Canadian Celanese is expected to end the current year with net earnings on an appreciably better basis than in 1938; probably better than $3 a share on the common stock. Business with the company has been exceptionally brisk recently and it is understood that the company will continue operating at capacity for some months.

Last year the company earned $1.71 a share on the common and paid $1 a share. With considerably higher earnings confidently expected this year, there is the very good possibility that the distribution to shareholders will be on a larger scale.

Contest Awards Out Next Week

Unique Opportunity To Study Canadian Investment Ideas

Now that all entries are in for The Financial Post's contest on "Investing in Wartime," it is possible to make a brief survey of results. Judging is under way and will be completed in time to announce the winners of first and second prizes next week.

Among the 120 entries received all parts of Canada are represented, from the Peace River district on the north and British Columbia on the west to the Maritime Provinces on the east. Nor were outside entries lacking. For farthest away entry came from Bermuda.

Nor did entries come entirely from the larger financial centres. Response to this opportunity makes it clear that Canada has students of investment scattered everywhere.

Differences of opinion as to what constitutes the best possible investment programme during wartime are evident. Many entrants, for example, feel that high-grade bonds have no place in an investment programme under today's conditions. Others would hold a proportion of bonds or perhaps even cash as a kind of reserve for liquidity and to take advantage of later opportunities. A large proportion of students of the subject look for higher interest rates which they feel make high-grade bonds less attractive.

Coming In The Post

The Financial Post will publish the prize-winning investment contest entry next week. Entries, which the judges deem worthy of honorable mention, will be published in a series of 10 or 12 articles. Post readers will find this series of immense interest.

There will also be in the coming issue interpretation of behind-the-scene events of Canada's war efforts, and The Post's regular coverage of investment news.

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Godbout Acts To Strengthen

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that the personnel of this Board will be gone over carefully by the new Government while the legislation, so hastily introduced by the Duplessis Government, will suffer a similar fate.

Other Changes Expected

Industrialists and businessmen also expect a number of other changes, all designed with the idea of less government in business. Some undoubtedly will eventuate, but others may not materialize.

One matter of considerable interest is the possibility of changes in the Provincial Electricity Board and the National Electricity Syndicate.

Power Board Future

There is definite opposition to the Electricity Board from some of the power companies. But by no means are all in favor of its abolishment. Board was established by the Taschereau Government at the insistence of the Hon. Mr. Bouchard, who ranks high in Liberal councils. Mr. Godbout, during his short term of office as Premier before Duplessis came into power, gave support to it. Mr. Duplessis gave additional powers to the Board.

Some power companies are frank in their antagonism to this Government body. But others are equally as strongly in favor of it. The latter see in the Board a buffer between themselves and unreasonable demands from the public for services or lower rates. Consequently there would be a wide difference of opinion in the industry itself if ever the matter of abolishing the Board came up for serious consideration.

At the same time there is a great deal of support for the Board among the newly-elected members of the Godbout Government. Not only is there Mr. Bouchard, but also Oscar Drouin and others who are strongly in favor of a regulatory body for the power industry.

The National Electricity Syndicate is another matter. This was primarily a sop to advocates of public ownership. The Government appropriated or at least set up an appropriation of $10 millions to develop a water power property in northwestern Quebec. It was the intention to serve a field already covered by Northern Quebec Power Co.

The Government took over the interests of the Noranda Power Co., subsidiary of Noranda Mines, and which consisted of an undeveloped power site on the Ottawa River.

A certain amount of work has been done in developing this site, principally in building a road to the property. The amount actually contracted for is relatively small and it is possible, in view of the province's depleted finances, that the Godbout Government may defer completion of this undertaking.

Expect Less Interference

It is reasonable to expect that there will be less interference in the pulp and paper field under the Godbout Government than was the case when Duplessis was in power. Regulations put in force by Duplessis governing wages, hours of work, etc., were not particularly onerous. Where the rub came was when Duplessis dictated the Quebec industry's policies as regards selling, prorating of tonnage, etc. It is known that not a few held views contrary to those favored by Duplessis.

Within the next few weeks Premier Godbout will, it is expected, come out with more definite word as to his Government's policies. Meanwhile Quebec business expects relief from those seemingly uncontrollable vagaries of the late government's administration.

★

Estates Shrinkage
may be large or small

Every estate is subject to "shrinkage".

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The Nation's Business

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railways. They have been having hard sledding for years. Why should canals be built at public expense to enable ships, which have no cost of roadway upkeep, to compete against the railroads?

"At present our canals are free though the public has paid the shot for canal building. Even ships from foreign lands, whose owners pay no taxes to the Canadian Government, are given free use of publicly owned canals and take business away from our publicly owned C.N.R. as well as the C.P.R.

"We Canadian people should be put in a corner with dunce caps on our heads for allowing such stupid favoritism in favor of ships as against railways to go on year after year while we foot the bills."

Amid praise of the St. Lawrence project as a power development, this warning from Georgian Bay about the anomalies of national transportation policy is timely and commendable. None will question that we have been inconsistent and financially profligate in our subsidy of inland navigation. The question now arises—and in acute form with the imminence of a new St. Lawrence treaty—what are we going to do about it?

• • •

BEFORE attempting an answer to this conundrum, a few obvious incontrovertible facts might well be itemized.

1. Sooner or later a power project to develop the 2,000,000 h.p. of latent electric energy in the International Rapids section of the river must inevitably be undertaken between Canada and the United States.

2. No such project would conceivably be completed without provision for a deepening of the navigation channel to the sea.

3. Power is now the dog which (economically) wags the navigation tail.

Canada, in short, cannot much longer avoid a deep seaway channel from Kingston to the sea.

It cannot avoid it because industrial development on this continent cannot much longer afford to let a potential 2,000,000 h.p. of electric energy go unharnessed over the international rapids below Lake Ontario.

The chief stumbling block to the treaty which President Roosevelt proposed in May, 1938, was the unwillingness of Premier Hepburn to commit his province to a $120-millions expenditure for the development of a million horsepower of electric energy on the St. Lawrence. It is this objection which has now been removed by the growing fear of a power shortage in Ontario in the measurable future.

How then can this further development of our canal system (which is inevitable once the power development takes place) be best turned to the national advantage?

• • •

TWO answers to the above question are these:

(1) That a policy of federal-provincial co-operation in respect of highway, rail and water transportation be made a sine qua non of any St. Lawrence agreement between Ontario and the Federal Government.

(2) That the seaway pact discussions between President Roosevelt and Prime Minister King explore the feasibility of canal tolls.

As to the first point, there has, as yet, been little co-ordination between federal and provincial control of transportation. When Prime Minister King and Premier Hepburn discuss power development on the St. Lawrence, a primary point in federal negotiations should be the reaching of some understanding for co-ordinating Dominion-provincial control of navigation, rail and highway transport.

If Canada has any hope of achieving the co-ordinated national transportation policy she so badly needs, the starting point should be these St. Lawrence power and seaway parleys.

• • •

AND then the matter of canal tolls.

Already Canada has spent something like $270 millions on her canals. There is a further public investment of over $500 millions in harbors, terminals, bridges and the like. The bulk of these investments are not self-supporting. In fact the entire canal and Great Lakes seaway system is maintained at public expense without freight or passenger tolls of any description.

When Prime Minister King and President Roosevelt sit down to draft their treaty resolutions, a serious attempt should be made to end the present indefensible and unfair competitive situation by introducing some form of toll charge in the St. Lawrence-Great Lakes system.

At one time Mr. Roosevelt expressed considerable support for such a plan.

Before further huge expenditures to subsidize shipping as against other forms of transportation in that area are agreed upon, the pros and cons of toll charges should be thoroughly explored.

U.S. as War Supply Source Vital to Stability in Canada

By RONALD A. McEACHERN
Staff Writer, The Financial Post

Canadian business is watching the results of U.S. repeal of neutrality with immense interest but with a "wait and see" attitude toward pronouncements that billion-dollar war orders for American industry are just a few hours off.

Great Britain is co-ordinating all her North American buying in one purchasing board. Purchases in Canada are to be made through the Canadian War Supply Board, headed by Wallace R. Campbell of the Ford Motor Co. of Canada. This week, Arthur B. Purvis, president of Canadian Industries Ltd., was appointed to supervise British purchases in the United States.

The British missions which have been in Canada for some weeks now become "The British War Supply Board in Canada and the United States," headed by Col. J. H. M. Greenly, with Sir James Rae as deputy.

U. S. Action

The general reaction of Canadian business to the U.S. decision to enter the war supply business on a cash and carry basis is that this action is of great importance to speedy victory of the Allies. And in the long run certainly, Canada promises to be better off than if the former neutrality law had been retained.

Consensus is that the repeal of U.S. neutrality will be in the best economic interests of everybody, especially Canada. Had the old neutrality law remained, likelihood was that many American firms would have established shadow plants in Canada for the purpose of filling a sudden, special demand but which would depend almost entirely on war business. The same thing would have ensued for many Canadian enterprises built solely for war purposes.

Peace Readjustment

Result with the return of peace would have been that the great majority of these enterprises would have folded up, with inevitably serious effects both economically and socially.

With the specialized skills and greater productive capacity of American industry now available to supplement Empire capacity, the belief is that, on peace, Canada will be spared a disastrous period of readjustment. We will be able to take full advantage of the many factors now pointing to one of the great periods of Dominion economic expansion.

"We're in for an awful headache if Canada is thinking only in terms of war orders," one businessman commented to The Financial Post.

British Orders in U. S.

Airplanes and parts, army boots, motor vehicles of various types and fire hose are among orders Britain has placed in United States so far.

While extensive airplane orders were placed in the United States since war was declared—although the old neutrality act prohibited export—further orders for $200 millions of airplanes and parts have been placed by Britain in United States since the lifting of the embargo.

Aircraft Being Made

Several Canadian airplane manufacturers are understood presently to be working night and day on training machines—a type which they are well equipped to produce. It is understood that they have no Government orders so far for the big stock of machines they are building up.

That the British or Canadian Government should buy a big supply of these training machines only in the United States, leaving the Canadian manufacturers with their hangars packed with a ready supply, is regarded as thoroughly improbable.

The big boot order, given a New England firm, is another, this writer is assured, which Canadian industry would not want. Very few Canadian shoe companies are equipped to handle a big output of this type of product, it is understood. The two or three firms which might have taken some of the order are reportedly busy enough with supplies for Canadian military needs.

The fire hose order which went to a U.S. firm was a very rush order that went through at the time of the Munich war scare. While Canadian firms could look after at least part of the processing, they were not ready to deliver the miles of hose ordered on an immediate delivery basis.

Policy of the British Government with regard to war orders so far is understood to be of buying on credit here; literally, Britain places the orders, the Canadian Government will pay the Canadian producer and a cash settlement will be made between the British and Canadian Governments at some later date. How far this policy is to go, is not now known. Canada is understood to be arguing that financing her own war effort and paying for Britain's purchases as well is too great a burden.

Whatever the policy finally adopted, Britain's credits in Canada are very great. And whatever terms on war purchases are agreed upon, they are likely to be better in the Dominion than could be secured under the revised neutrality legislation.

Shipping Needed

War has already created a sharp restriction in the amount of Atlantic shipping available for carrying supplies to Europe. This stringency is increased by the new U.S. neutrality measure which does not permit American shipping to handle war materials consigned to belligerents.

The probability now is that considerable American shipping, much of which will now be doomed to inactivity or slackness, will have its registration changed, probably to Canadian lists. Such transfer can only be made, however, with the sanction of the U.S. department of external affairs.

One expected result of the new situation is that Canadian railways will find traffic sharply increased. The St. Lawrence sea route is the short way across the Atlantic, hence is likely to be preferred for convoy-protected sea-lanes as long as the weather permits. Furthermore, there is a real probability that United States will prefer to have war supplies starting for Europe via a route which will keep enemy attackers well off her shores.

This works two ways. Germany will undoubtedly make serious efforts to prevent great arms and plane shipments crossing the Atlantic. Sea raiders like the Deutschland are undoubtedly interested in the first big plane shipments from the U.S. to Britain.

SOAP BUSINESS
in Province of Ontario
FOR SALE

Manufacturer of popular brands of soap and soap products is retiring and will sell established business as going concern. Principals only. For full particulars write Box 211, The Financial Post, Toronto.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Sandwich Twp., South	July	Gairdner & Co.	4%	1940-59	$40,330	100	*3.75%
Gosfield Twp., South., Ont.	July	Gairdner & Co.	4%	1940-49	35,000	100	*3.75%
			4%	1940-59	130,000		
Gosfield Twp., North., Ont.		Gairdner & Co.	4%	1940-59	120,000	100	*3.75%
Leaside	Nov.	Wood, Gundy & Co.	3%	1940-44	18,000	100	3%
Leaside	Nov.		3½%	1940-54	86,000	...	*3.60

Under option $93,000 3% 1940-49; $58,000 3% 1940-54.
* Offering.

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Dominion Coal Co.	Nov.	Wood, Gundy & Co.	4½%	1952	1,500,000	100	....

Patronage Charges End Political Truce

(Continued from page 1)

warm supporters of the Government thought he should have been let go. Sir Robert, as his own account of these hectic years shows, was loath to take action even though he had made up his mind many months in advance of the event, that Sir Sam was not fit to remain in the Cabinet.

"I know," wrote Sir Robert, "that Hughes had a considerable following, the force of which was an undetermined factor, and, while I felt that his continued presence in the Government was a handicap rather than a support, I determined to let him continue until I was perfectly sure that his dismissal would not entail any serious danger to my administration."

It is quite evident that there is every intention in opposition circles to pursue the investigations of the last regular session. It will, apparently, make no difference to the opposition parties that Hon. Ian Mackenzie is no longer in the key department of defense. He still remains in the Government and Mr. King apparently approves his administration of defense. It is not suggested that Mr. King has retained Mr. Mackenzie merely out of respect for any following he still may have in the Liberal party.

Based on Post Articles

Dr. Manion's second statement, issued on Monday, makes clear the chief point of misunderstanding between Premier King and himself. Dr. Manion proposes to press for a detailed investigation of pre-war contracts and bases his case, here, on the articles published in The Financial Post. Stated Mr. Manion:

"Mr. King's statement that he has every reason to believe the utmost care has been exercised to avoid partisanship, influence, or patronage is absolutely belied not only by the information given to me but as well by the series of articles carried in The Financial Post, in which many serious accusations have been made. The article on Oct. 28, contained these words:

"'The articles in The Financial Post have cited many examples of unbusiness-like methods and of political favoritism in the spending of our defense millions. Contracts have been let to party friends. Contracts have been let on a cost-plus basis with inadequate control of possible profits. Contracts have been let to firms with ill-equipped plants or no plants at all. What does Mr. King think of such methods of doing government business?'

"Mr. King has entirely ignored these serious and definite charges, and I hardly know, therefore, why he wants details from me."

Patronage Since War?

The leader of the Opposition alleges, as well, that there has been patronage in contracts and appointments since the outbreak of war, but no details are given and it is doubtful if there can be anything really substantial in this phase of his charge. Mr. King, on the other hand, gave his pledge to eradicate patronage and favoritism with respect to the war effort only. His pledge, specifically, does not cover pre-war military appointments or contracts nor the normal business of government since the outbreak of war. In none of Mr. King's post-war statements is there any suggestion that he regards the pre-war military contracts as being free from patronage.

King Made Pledge

Mr. King's record, in this respect, is clear-cut. Speaking in the Commons on Sept. 8, Mr. King said:

"There is the matter of favoritism. May I say to my following: If any of you desire to have persons put into positions in connection with the war, simply because they are favorites of yours; if primarily for such a person you want to have him given some special post, keep away from me, for I will never listen to you. . . We want no favoritism in this war."

He repeated this pledge with respect to contracts and patronage generally. But all pledges were qualified by the phrase: "in connection with the war." In the second of his two broadcasts, Mr. King repeated these pledges. And in his statement in reply to Dr. Manion he said, again:

"In every aspect of Canada's war effort, my colleagues and I have taken and will continue to take all possible precautions to see that partisanship, personal influence or political patronage provide no avenue to promotion, personal advancement or private or corporate profit."

Warned Against Patronage!

As a result of Mr. King's pledge, Hon. Norman Rogers wrote a personal letter to Liberal members of Parliament warning them against any effort to use influence in connection with war appointments or contracts. Still later he wrote a personal letter to all officers commanding military districts instructing them to make all expenditures without reference to political affiliations.

So far as appointments are concerned, the Government points to the list of officers appointed in the Canadian active service force. Maj. Gen. A. G. L. McNaughton is a Conservative and in 1935 was very much in the bad books of the Liberal party for the part he was believed to have played in the Bennett-Herridge New Deal campaign.

Mr. Justice Price Montague of Manitoba was one of the foremost Conservatives of that province before being elevated to the bench. Col. Allan Rankin, head of the hygiene service in the army, is from Edmonton and, to put it mildly, his preferment evoked no resounding cheers in the more partisan Liberal circles of his province. The greater part of the rest of the senior officers are regulars, without political affiliation. There is scarcely a well-known Liberal among them. So much for appointments.

With respect to war purchasing, the National Defense Department has had practically all its power to buy taken from it. Purchases are made by the War Supply Board whose head is Wallace R. Campbell. Mr. Campbell is known here as a Conservative. The chief solicitor of the board is Henry Borden, nephew of Sir Robert. R. C. Vaughan, the second in command, is a vice-president of the National Railways who has served both parties in that capacity with equal satisfaction.

Non-political Appointments!

Most of the other war administration bodies are comprised of senior civil servants without any political affiliation. But in those appointments which have been made the plums have gone pretty well to the Conservatives. A notable example, perhaps, is the appointment of J. McG. Stewart, coal administrator, who is one of the leading Conservatives of Nova Scotia.

What irks Liberals is not that appointments are going to their historic political foes, but that they are not even being considered (so they think) for war service. Liberals assert that they are just as public-spirited as are the Conservatives and that in most cases they are just as well qualified to serve their King and Country as the other fellow. But they are not even considered by the Government because they are Liberals.

Hence, Dr. Manion's charges have rubbed salt into a very sore wound. Liberals are arguing that since the Government is getting no credit for its present Galahad policy of self-immolation, it might as well play the game according to the ancient rules. Mr. King, who is well aware of the murmurings among his rank and file, feels that, at least, he should get some credit from the other fellows and, in particular, from the country at large.

But upon close inspection, it seems that Dr. Manion has misconstrued Mr. King's pledge. The examples of patronage and influence to which he refers appear to fall outside the war effort and to relate to the normal business of Government as carried on by the various non-military departments. If so, his facts undoubtedly are true. Patronage in the normal business of government is being carried on today as always. Mr. King never said that it would not be and, presumably, has no intention of so saying.

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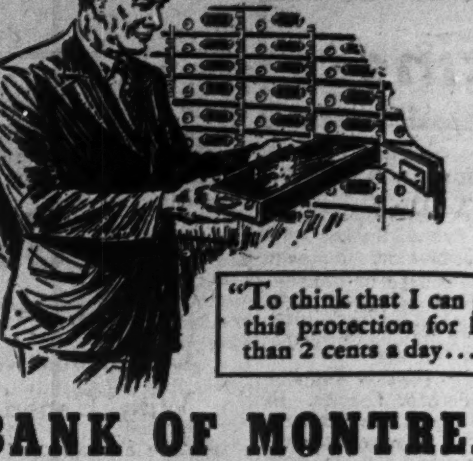

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U.S. Ready For Seaway

But Financing and Power Export Problems Hamper Canada

From Our Own Correspondent

OTTAWA.—Authoritative information reaching Ottawa from Washington indicates clearly that a revised St. Lawrence treaty will stand an excellent chance of ratification at next year's session of congress.

But while the success of the present negotiations, ultimately, looks more promising than in 1932, the domestic problems related to the seaway are regarded as more difficult.

Postpone Canadian Work?

To begin with, it is regarded as impossible that Canada could undertake to complete the Lachine section of the waterways during the war. It would be impossible for this country, it is said, to spend the $40 or $50 millions involved while at the same time financing war costs. Therefore, the United States would have to permit Canada to postpone work on the Lachine section until after the war. This, however, is not regarded as an insuperable obstacle to the success of the negotiations. The seaway project, now at any rate, is regarded as more of a power than a navigation proposition.

Another obstacle is the possibility that the Hepburn Government will seek a license to export additional power. In 1937, it is recalled, Premier Hepburn wanted such a license for some 120,000 horsepower and he was very disappointed when told by Premier King that this would be a matter for parliamentary discussion and decision.

The chances of obtaining parliamentary sanction for increased exports of power, even of surplus power on an off-peak basis, are thought to be very slim indeed. There is a prejudice in parliament against power exports amounting almost to a complex and it would be very difficult to explain the precise difference between exports of firm power and of off-peak power—although the vital difference between them is well known.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson ..	*5%	1952	Jan. 1 '40	105
Riordon Pulp ...	*6%	1942	Dec. 31	105
Eastern Car ...	‡6%	1952	Jan. 1	105
Preston E. Dome	6%	1943	Jan. 1	103
Can. Ind. Alc. ..	*5%	1948	Nov. 15	[illegible]
Can. Foundries ..	6%	1942	Feb. 2	110
Mississippi R. Pr.	†5%	1951	Jan. 1	105
Nat. L. & P., 'B'	6%	1949	Nov. 17	[illegible]
Porto Rico Tel.	•6%	1944	Dec. 1	100

Drawn by lot for sinking fund, †$151,500; •$61,000; ‡$35,000; *$86,300.
*All outstanding balance.
‡National Trust Co. will receive offers for sale of such bonds to a total of $3,13

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Write to "Cellophane" Division, Canadian Industries Limited, Box 10, Montreal, Que.

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C-I-L CELLULOSE FILM

B.C. Revenues At Peak Level

Deficit, After Relief Costs, Amounts to $600,000

With revenues at a peak level, the Province of British Columbia had a surplus of $3,975,380 on ordinary account in the year ended March 31, 1939.

Ordinary revenues for the year totalled $32.6 millions as compared with slightly over $31 millions in 1937-38. Ordinary expenditures amounted to $28.7 millions as against $26.8 millions in 1937-38.

The reported surplus on ordinary account is before providing for unemployment relief expenditures which are properly a charge against income. Relief costs for the year totalled $6.9 millions, of which the Dominion Government paid $2.4 millions and the provincial government $4.5 millions.

Thus there was a deficit of $600,000 after providing for relief costs.

Allocation of Surplus

Of the ordinary surplus, $926,000 was used to augment sinking funds and $2 millions for debt retirement. The balance of $1 million was applied toward unemployment relief costs.

In order to finance relief costs, the province borrowed $2.9 millions in the open market and $546,000 from the Dominion Government. In addition, a small balance from previous borrowings was applied to relief costs.

Gross debenture and mortgage debt at March 31 last amounted to $142.3 millions and treasury bill debt totalled $40.2 millions. This compares with $145.3 millions and $39.5 millions respectively in the previous year.

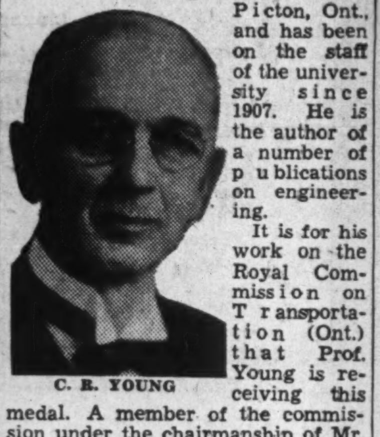
The increase in revenues in 1938-39 was due to improvement in income tax collections. Income taxation brought more than $10 millions to the provincial treasury, an increase of $2.7 millions over 1937-38 collections. In 1934-35, income tax collections amounted to only $5.1 millions.

New Engineering Awards Given For Special Works

Inauguration of new awards for outstanding achievements in engineering by graduates has been made by the Council of the Engineering Alumni Association of the University of Toronto. Medals are being given to two graduates in Toronto on Nov. 11, 1939.

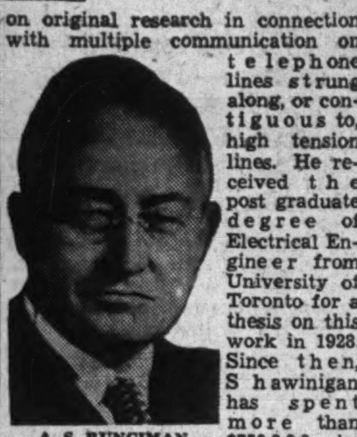
Selected to receive the first medals are Prof. Clarence R. Young and Arthur S. Runciman. Prof. Young is professor of civil engineering at the University of Toronto and Mr. Runciman is superintendent of transmission lines with the Shawinigan Water & Power Co.

A graduate from the university in 1903, Prof. Young is a native of Picton, Ont., and has been on the staff of the university since 1907. He is the author of a number of publications on engineering.


C. R. YOUNG

It is for his work on the Royal Commission on Transportation (Ont.) that Prof. Young is receiving this medal. A member of the commission under the chairmanship of Mr. Justice Chevrier, text of the report, resulting from almost two years of work, is largely his contribution.

Arthur S. Runciman has carried on original research in connection with multiple communication on telephone lines strung along, or contiguous to, high tension lines. He received the post graduate degree of Electrical Engineer from University of Toronto for a thesis on this work in 1928. Since then, Shawinigan has spent more than $750,000 in practical applications of Mr. Runciman's experiments. As a result, the company and its subsidiaries in Quebec now have a system of wire telephone, carrier, teletype and radio that comprises nearly 1,000 miles of wire circuits, 1,000 instruments and handles over 200,000 communications annually at a surprisingly low cost.


A. S. RUNCIMAN

It is said that this work has been so successful that enquiries have been received from experts on other systems about methods used. It is expected that they will soon become known throughout the profession. Mr. Runciman has steadily refused to make any attempt to get patent or other control of his methods.

Also a graduate of University of Toronto in the class of 1911, Mr. Runciman is a native of Goderich, Ont.

Obituaries

H. F. McNaughten, former secretary of the Ontario Department of Public Works, at Toronto, aged 85.

F. C. Loring, mining engineer, at Toronto, aged 79.

J. E. McCuaig, director of Bagamac Mines, at Toronto, aged 63.

Hon. Hugh Guthrie, formerly Minister of Justice for Canada, and chairman of the Dominion Railway Board, at Ottawa, aged 73.

W. D. Smith President Terminal Warehouses

W. Dent Smith has been elected president of Terminal Warehouses Ltd., and the Baymond Corp., Toronto, to succeed the late Frank Kennedy.

Mr. Smith announces the company has purchased Winters Transport, operating in the Niagara Peninsula.

War Excess Profits Tax

(Continued from page 1)

have been going through lean times an alternative plan was offered.

This provided for an excess profits tax to be paid upon their profits, on a rising scale according to the percentage earned on their capital. The rates were:

	Rate
On first 5% earned on capital	nil
On profits over 5% and up to 10% ..	10%
Over 10% and up to 15%	20%
Over 15% and up to 20%	30%
Over 20% and up to 25%	40%
Over 25% on capital	60%

Capital Defined

It was necessary to define capital. The definition reads as follows:

> "In the case of a company incorporated in Canada (a) the share capital paid up in cash or if issued for consideration other than cash the fair equivalent at the date of issue as the Minister may determine, and in any event shall not exceed the par value thereof.
>
> (b) the actual unimpaired reserve, rest or accumulated profits held at the commencement of an accounting period, reduced by one-half of the dividends paid during the period or deemed to have been received by the shareholders thereof under section 13 of the Income War Tax Act.
>
> (c) 'capital' shall not include (i) borrowed money, (ii) capital stock to the extent that it represents the value of good will or other intangible assets, whether paid for in cash or not, or appreciation in value of assets used in the business unless the Minister is satisfied that capital values should be recognized in whole or in part to the extent that cash was used in the purchase of good will or other intangible asset. ¶In the case of a company not incorporated in Canada, the capital shall be determined as provided for in the case of companies incorporated in Canada, but shall be only that proportion of the said capital which the value of the assets in Canada used in the business bears to the value of the total assets of the company. In the case of taxpayers other than corporations regard shall be taken only for the fair value of all assets, real and personal, used in the business, less borrowed money and the value of the items referred to in subparagraph (ii) of paragraph (c) of this subsection."

Balance Sheet Rule

In practice this would mean that in the case of most companies the capital would be fixed at the figure shown in the company's balance sheets. The income tax authorities were apparently not disposed to argue with a company as to its own interpretation of the amount of its capital and undivided profits.

Strict Interpretation Drastic

Drastic penalization of its shareholders and weakening of its competitive position would be the result of strict interpretation of the new tax clause for many firms. Take this illustration:

Consolidated Paper Corp., a reorganized company, and Abitibi Power & Paper Co., now awaiting reorganization, are good illustrations. In working out these examples, only schedule A for the tax, which provides for a graduated scale of taxation after exempting the first 5% earned on the company's invested capital and earned surplus, is considered.

Consolidated Paper	$
Bk. val. stk. & surp., Dec. 31, 1938	2,420,429
Equiv. of 5% on cap. exempt from tax	121,021
Bk. val. cap. stk. & surp. predec. Can. Pwr. & Pap., Dec. 31, 1930	41,473,790
Equivalent of 5% on capital	2,073,689
Abitibi Power & Paper	
Bk. val. pf. & com., Dec. 31, 1938	53,846,735
Equivalent of 5% free from this tax	2,692,337

Would Be Hardship

This shows how Consolidated Paper is penalized so far as the Excess Profits Tax is concerned by writing down its capital in 1931. This company, which has not been able to establish any substantial earning power which might persuade it to take advantage of schedule B of this tax (50% on increased earnings), can only earn $121,021 before being hit by the graduated scale of excess profits tax running up to 60% of profits. On the other hand a company such as Abitibi, with an inflated capital which has not yet been brought to a sound basis, would be exempt to the extent of $2.7 millions.

Drastic Write-down

The packing industry provides another example. Burns & Co. reorganized in 1934 and wrote down its capital drastically. This company also has not been able to reestablish a good average earning power. Like Consolidated Paper, it is limited to negligible earnings before the Excess Profits Tax will become effective.

Canada Packers, the largest unit in the Canadian packing industry, has been able to reach a good earning power and its average earnings for the past four years would probably persuade the company to adopt the second schedule of tax payments. But this company also reduced its invested capital by a large amount in 1935 when it replaced its former preferred stock issue with a bond issue which has since been reduced by practically one half.

Packers Compared

Estimates for these two companies follow.

Burns & Co.	
Book value stock & surplus, Dec. 31, 1938	$2,931,416
Equivalent of 5% free from tax	146,571
Book value stock & surplus prior to 1934 reorganization	8,403,153
Equivalent of 5% free	420,158

Canada Packers	
Book value stock & surplus, Dec. 31, 1938	$8,677,416
Equivalent of 5% exempt from tax	433,871
Book value stock & surplus before preferred redeemed in 1935	12,708,198
Equivalent of 5% free	635,410

Exercise Discretion

It is chiefly to meet such situations that the income tax authorities have decided (according to unofficial information reaching The Financial Post) to exercise their discretionary powers in fixing "capital." The discretionary powers are provided for in the clause that says that when shares are "issued for consideration other than cash, the fair equivalent at the date of issue as the minister may determine" shall be taken.

In the case of the typical examples cited above it is not likely that the authorities would fix that "fair equivalent" for the shares in the new and reorganized company that replaced the old company in the reorganization process at a level as high as the former capitalization.

Decisions will have to be fairly arbitrary and may not always meet with approval of company executives and shareholders. But chartered accountants and company executives anticipate that an effort will be made to find a fair and "happy medium" basis for dealing with each individual problem as it arises.

Hits New Producers

In mining, new producers are particularly hard hit by strict application of the excess profits tax. Capital involved in mining is usually small compared with the size of the profit realized if a mining enterprise is successful. Consequently the profits exemption of 5% of capital does not mean much to many new producers.

Take the case of Powell Rouyn Gold Mines. On the basis of $1,435,028 of common stock and surplus on Mar. 31, 1939, an exemption of $71,751 is received from the excess profits tax on the basis of 5% of capital. In its last fiscal year ended Mar. 31, 1939, however, before war, the company earned $222,074. Of this $150,323 would be taxable, partly at 10%, partly at 20% and partly at 30% if the tax had been in effect for that period.

If the alternative scheme, exemption of the average of four years profits, is taken, the company would pay still more tax. Only 14 months of profitable operation had been carried on to Mar. 31, 1939, with total profit of $272,979. The annual exemption on these profits would be only $68,245. Half of the profit realized over this figure becomes payable under the excess profits tax even though over three times the $68,245 exemption would likely be earned in peacetime.

In consequence, a tax of $23,572 would be payable by Powell Rouyn Gold Mines if the tax had been in effect last year on the basis of the first option, or $76,965 under the second option.

Lake Shore Mines provides an example of a long-established mine which will not likely have to pay much more under the excess profits tax even with the rise in price of gold. Profits the last four years averaged $4.12 a share, but were only $3.54 last year. This gives the company a complete exemption on the basis of last year's profits. With Lake Shore cutting its milling rate, profits will be still farther from the point where income tax would have to be paid.

Wright-Hargreaves has been very stable for a number of years. Average of its last four years profits is 73 cents a share, against 74 cents last year. In this case the exemption would be very close to actual profit realized last year. In this case the tax can conceivably have the effect of taking half of any excess profit if profits should rise further.

Final P. Lyall Payment Ready

Nothing Left For Shareholders After Creditors Are Paid

Final dividend from the liquidation of P. Lyall & Sons Construction Co. is ready to be paid to creditors, according to a statement issued by G. S. Currie, liquidator. The winding-up order on this company was dated Sept. 19, 1929, and the final statament made up at the end of Oct., 1939.

Total receipts from liquidating operations were $12.3 millions, from which were deducted costs of $10.1 millions, leaving $2.2 millions available for distribution. Of this privileged and secured creditors received $1.2 million. Subcontractors and suppliers were paid $238,778 directly by the Department of Public Works for work done on the Confederation Building at Ottawa.

Other creditors have already received five dividends aggregating 30% of their claims and now will get a final dividend of 2.92%, making a total of 32.92% of claims paid.

In a statement sent to shareholders of P. Lyall & Sons Construction Co. Mr. Currie says: "As the realization from the assets was not sufficient to pay the claims of creditors in full, there are no funds available for distribution to shareholders."

Board Will Investigate Canned Goods Ship Rate

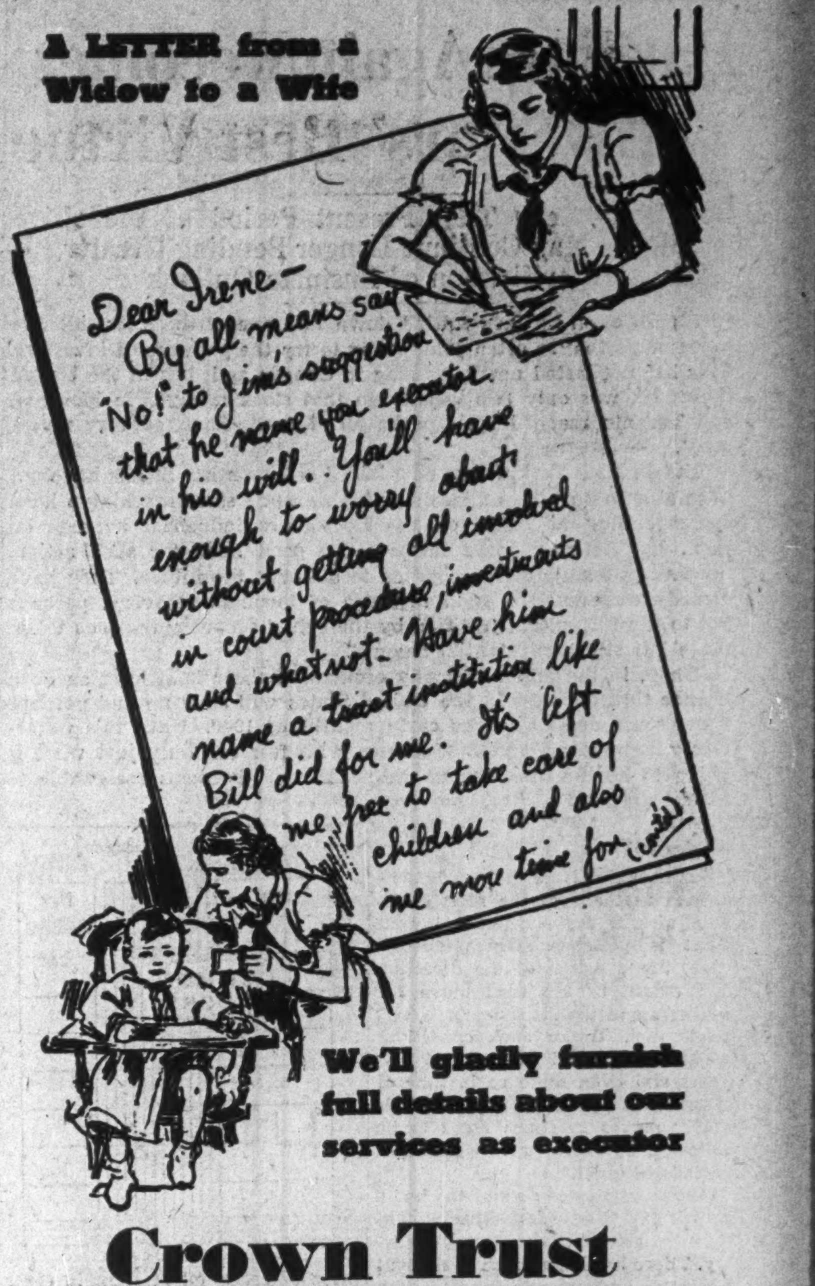
From Our Own Correspondent

MONTREAL. — The Board of Transport Commissioners plans to investigate the rate structure for canned goods shipped by water to the lake head.

The announcement is made in a judgment in connection with an application of the Canadian Freight Association and the Lake Freight Association for disallowance of a tariff of 25 cents per 100 pounds on canned goods carried by water from Amherstburg, Cobourg, Goderich, Hamilton, Kingsville, Port Hope, Sarnia, Thorold and Windsor to Fort William and Port Arthur.

The tariff was published by Colonial Steamships Ltd., McKellar Steamships Ltd. and Sarnia Steamships Ltd.

The board decided the tariff should be suspended. The respondents are given authority to publish immediately a 38½-cent rate under the same terms and conditions of carriage currently effective in the tariffs of Canada Steamship Lines and Northwest Steamship Lines.


Dear Irene—
By all means say
"No!" to Jim's suggestion
that he name you executor
in his will. You'll have
enough to worry about
without getting all involved
in court procedure, investments
and whatnot. Have him
name a trust institution like
Bill did for me. It's left
me free to take care of
children and also
me more time for (cont'd)

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Investment Trends

Patience Again Becomes Investors' Best Virtue

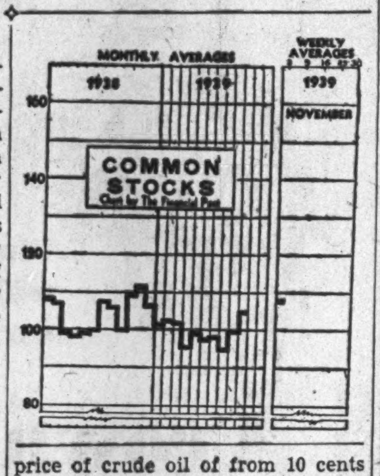
Possibility Seen That Present Period of Indecisive Moves May Continue Longer Pending Greater Clarification of Business Outlook

Stocks seem to have settled down into one of the slow sidewise movements that so often come along to try the patience of investors. This has not lasted nearly as long in Canada as it has in the United States. It was only two weeks ago that stock markets in Montreal and Toronto reached their peaks for the war-time recovery movement.

But in New York, it has now lasted two months. Stocks have not been able to push ahead into new high ground since reaching a level corresponding to 155.92 on the Dow-Jones industrial average on Sept. 12. Actually there seems to be good basis for such action. Stocks are traditionally supposed to discount the future. They have already discounted a good measure of business recovery, perhaps not to the full extent justified by the actual recovery that has taken place but still a substantial amount.

Then, in the minds of many economists there is at least an even chance that business in the United States will slow up and perhaps show some decline in the early months of 1940. Until this uncertainty is removed and it is known with fair certainty just what is going to be the direction of the next move, it seems reasonable to expect a period of hesitancy.

* * *



Patience

Once again it is being demonstrated that one of the most desirable virtues for successful investment is patience. Given enough time, the question of the direction and extent of the next move for business and the stock markets will be known. Under such conditions as have prevailed in the past few years and even more so in time of war, stocks are likely to make their major moves in sharp leaps to be followed by more or less extended periods of quiet.

Actually there seems to be a growing feeling of disillusionment over the effects of the war on industry. There has been much said about the huge demands to be made on Canadian industry to supply needs of the Empire but so far this has not been translated into actual orders on any important scale. That there has been delay, however, should not be considered a calamity. It has given time for better and more orderly planning. This should mean a more efficient use of resources in the end. Anything that eliminates waste should work to the advantage of investors and taxpayers alike.

* * *

Prices

One point that is causing much confusion in analysis of probable investment trends is the matter of prices. It has always been assumed that prices for practically all basic commodities would rise during a war period. Perhaps two months of war is not enough time to come to any sound decision on this point, but so far there have been few commodities that have maintained their early gains. Raw silk may, in fact, be about the only internationally traded commodity that has continued to shove to new highs.

Those looking for higher prices, however, should not be disappointed in the end if the opinion of a Canadian economist can be accepted. This man holds the view that prices will have to rise if it is going to be possible to meet debts and other obligations arising out of the prosecution of a war. He does not deny that price controls may be effective, at least in assuring that price rises may be limited to the lengths found necessary. But he feels that sooner or later efforts to maintain a prewar price level will fail or be abandoned deliberately.

* * *

Oil Market

In certain well-informed New York circles, an advance in the price of crude oil of from 10 cents to 15 cents a barrel is expected by the end of this year. Counted on to offset the expected gain in already large stocks of gasoline and possible lower prices is the likelihood of higher prices for fuel oil. For 1940, it is said, the top price for bunker fuel oil will be $1.35 a barrel compared with this year's top of $1. This is a matter of special interest to B. A. Oil, International Petroleum and Canadian refiners dependent on the U. S. for crude supplies. Imperial Oil has announced a 20-cent rise in price paid for Ontario-produced crude oil.

* * *

Aviation Gasoline

Statements available as to the extent of the air-training scheme to be carried out in Canada jointly by this country, Great Britain, Australia and New Zealand show that it will open a market for high-octane gasoline such as this country has never before experienced. Exactly which refineries in Canada are equipped to turn out satisfactory aviation fuel in large quantities is not known.

Testifying before the Commission probing the Alberta oil industry recently, the Commission's accountant, F. G. Cottle, said that Imperial Oil brought aviation gasoline from its Ioco, B.C., refinery for sale in Alberta. Imperial's newly enlarged and improved refinery at Fort Norman now has a daily capacity of 800 barrels of crude and much of its product is to be aviation gasoline for use in that district.

Oil refiners are not very communicative as to ability of their plants to make satisfactory high-octane gasoline, but the impression gathered is that all of the major companies are equipped to supply much more of this type of fuel than now produced. Also it should be mentioned that oil companies are like any other manufacturer. Their margin of profit is better on their higher-priced lines. Aviation gasoline would be a real premium product and its contribution to earnings might be out of proportion to its direct relation to the total amount of gasoline produced and sold.

Dosco Pig Iron Output at Peak

From Our Own Correspondent

MONTREAL.—Pig iron production of the Sydney plant of Dominion Steel & Coal Corp. continues on a capacity basis. During September, output totalled 24,000 tons of pig iron, as against 23,000 tons in the previous month and 13,000 tons in September a year ago.

Over the last three months Dosco has produced 70,000 tons of pig iron, as against 40,000 tons in the like period of 1938, an increase of 75%.

Canadian Wineries Pays 15c. Dividend on Common

A dividend of 15 cents a share has been declared by Canadian Wineries Ltd. Payment will be made Dec. 12, 1939. to shareholders of record Nov. 30. This brings payments this year to 40 cents a share as the company paid 25 cents a share on June 1, highest disbursement on this company's stock since 1931.

Alberta's Oil Output At New Peak

Production of oil in Alberta during the first eight months of this year reached a new peak at 4,899,000 barrels, an increase of 14% over the production for the same period of 1938. The output of the Turner Valley field has now been raised to 26,000 barrels daily.

Canada's crude oil industry is a factor of vital economic importance today. Anglo-Canadian Oil Company, which with associated companies owns 16 producing wells, has adequate facilities for drilling and refining, and is playing a major part in the development of this fast-growing industry.

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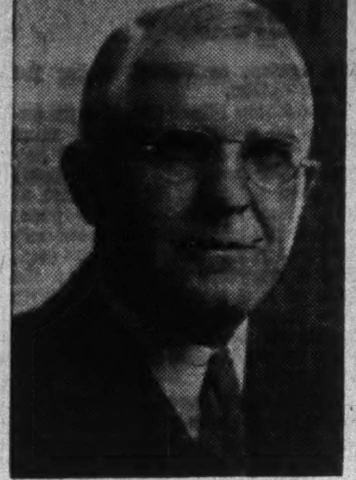

VICE-PRESIDENT

Rolph R. Corson has been elected vice-president of Laura Secord Candy Shops Ltd. Mr. Corson is president of Chartered Trust & Executor Co. and Rolph R. Corson Ltd. He is also director of a number of other companies.

Montreal Power Output at Peak

Electricity Figures for October Were Highest in History

From Our Own Correspondent

MONTREAL. — Montreal Light, Heat & Power reports electricity output for consumption in the Montreal area during October was the highest ever recorded for any single month in the history of the company.

Production last month totalled 110.9 million kw.h., an increase of 12.40% over the output registered in Oct., 1938.

Output for the first 10 months of the year totalled 977.3 million kw.h., as against 923.3 million kw.h. for the like period of 1938, an increase of 5.84%.

The improvement in electricity output was contrary to the experience in the gas division. Gas output last month amounted to 419.3 million cu. ft., a decrease of 3.28% from the same month last year.

Output of gas for the current year to the end of October totalled 4,055 million cu. ft., compared with 4,128 million cu. ft. in 1938, a decrease of 1.76%.

Maritime Bureau Expects British to Buy Shell Boxes

From Our Own Correspondent

MONTREAL. — Considerable demand for Canadian box shooks from the British Timber Control Board is expected to develop during the next few months, according to a statement released by the Maritime Lumber Bureau. These shooks will be primarily used to make shell boxes. A representative of the Board is expected to arrive on this side soon

Market Opinions

Hesitant markets have given students little additional material on which to base opinions, but majority still favor higher prices.

Barron's, New York (The Trader)—"It may require time to dispel the stubborn belief in a 'phoney' or short war, following which a new speculative psychology may well evolve. Since the evidence forecasts at worst before spring only a business recession and not a depression, it is difficult to prove the thesis that with business, profits and dividends rising and with bonds on the average approximately 1¾ points from the 1939 peak, cash is preferable to stocks."

* * *

Brookmire Counselor, New York—"Once the stock market does emerge from a narrow range, the very fact that the stalemate has been so prolonged means that a considerable rise will be needed to bring stock prices up in line with the progress of the basic recovery. . . . The period of uncertainty should be looked upon as an occasion for rechecking portfolios, so as to make sure of adequate representation in dynamic basic industries."

* * *

Journal of Commerce, New York—"The near-term outlook for stock prices may be materially affected during the next few weeks by a flood of favorable dividend announcements and profit prognostications for the fourth quarter that are in the offing.

"International developments, however, will largely affect the course of stock prices over the next few weeks."

* * *

Magazine of Wall Street, New York—"Sentiment is cautious, reflecting lack of conviction as to future probabilities. In the absence of positive danger signals we continue to lean to the bull side and to favor selective purchases in periods of reaction."

* * *

The Financial World, New York—"Considering all of the domestic factors, the indications are that business will continue not far from current levels, and that whatever recession develops in the first half of 1940 will be of quite moderate proportions. The lack of speculative enthusiasm which has characterized the stock market has helped strengthen the structure of the market itself, and suggests that little stock is being held in weak hands, ready to be liquidated at the first signs of an intermediate price correction. Thus there appears adequate basis for retention of the shares of soundly situated companies."

* * *

The Annalist, New York—"Most issues are still a little above the support levels of late September and early October and well above the low point reached in the mid-September reaction. No serious weakness has as yet developed in any important stock or group and volume of trading on the recession has been light."

Walker's Sales Continue Higher

Expect First Quarter Earnings to be Above 1938 Level

As sales of Hiram Walker-Gooderham and Worts, Ltd. in September and October have been about 5% ahead of the same months last year, it is expected that earnings in the three months ending Nov. 30 will be higher than the $2.32 a share earned on the common stock in the 1938 quarter. There was a sharp gain in sales in August.

Sales of the company's various brands, it is reported, have continued to make an excellent showing. "Canadian Club" experienced the best month in its history in September and October is also up. "Signet," a new bonded whisky, has also made satisfactory progress, as have the Gooderham and Worts blends.

On Nov. 1, the company started shipment of a new four-year-old bottled-in-bond Bourbon, called "Meadowbrook," to the middle west and western parts of the United States. Priced slightly below other brands in the medium-priced whisky group, the company expects this line to be an important contributor to sales.

Ford Motor Tax Split Is Upheld

Challengers of Separate School Tax Must Prove Claim

The Supreme Court of Canada has ruled that the onus of showing that the Ford Motor Co. of Canada 18% allocation of property assessment to separate school exceeds the proportion of Roman Catholic shareholdings of the company, rests with the Windsor Board of Education.

Apparent effect of this ruling that when a large company is unable to determine the religious faith of its shareholders and makes an apportionment of assessment for Ontario separate school purposes, it remains with those challenging the apportionment to show that it is greater than the proportion of the company's capital stock held by Roman Catholics.

Assessment Appeal

The ruling was handed down in an appeal involving assessment of the properties of Ford Motor Co. in Windsor. The Supreme Court upheld the verdict of the Ontario Court of Appeal, which declared that the automobile company was within its rights in apportioning 18% of its assessment to separate school purposes.

The Windsor Board of Education challenged Ford Motor's apportionment, and the court of revision and a county court judge held the apportionment invalid.

Subsequently the Ontario Court of Appeal upset the ruling and the case was taken to the Supreme Court of Canada by the Windsor Board of Education.

The case revolved around section 65 of the Ontario Separate School Act, which permits corporations to allocate a portion of their assessment to separate schools, provided they do not apportion a greater portion to their total assessment than the ratio of stock held by Roman Catholics to the total share capital outstanding.

Investment Notes

British Columbia Packers has taken over under lease a plant formerly operated by the Donald H. Bain Co. of Winnipeg at Beet Bay. This cannery will be utilized for processing dogfish oil.

* * *

Canadian Car—Reports are that the company's statement for year ended September 30 will show a net loss of some size after depreciation. In the previous year the company had a profit of $1,177,314. In a way this will not be a surprise in view of the company's experience in the airplane division. Next year, however, ought to be another story, as the company has on its books large railway equipment orders, aircraft contracts, etc.

* * *

International Utilities—F. W. Seymour, director, increased class B stock 200 shares to 9,300.

* * *

C.P.R.—Trading in this stock on the Montreal Stock Exchange last week exceeded that for any other security. Interest is still of the speculative character, influenced largely by the strong recuperative powers of the company.

* * *

Newsprints — Under this broad classification, pulp and paper securities continue to be the prime favorites among stock traders. Interest has not shown any material slackening, though there are signs now that purchasers are waiting for the companies to show results and thus justify higher values.

* * *

Fleet Aircraft—Stock is generally rated as the best bet among the strictly aircraft companies. Report for the current year will be examined with more than ordinary interest, as it is expected to give some idea of the company's potential earning power.

* * *

Bathurst—Market action on the A stock over the past week or two has been impressive. The value has advanced steadily from day to day, largely on the basis of bullish reports, official and otherwise, as to company's current and prospective business.

* * *

Moore Corp.—Common shares are currently quoted at just about the levels of 1937, a gain of over $5 a share from the $40 level of the past two years. With about 90% of its business in the United States, this company offers Canadian investors an indirect opportunity to participate in business activity in that country.

* * *

Algoma Steel—Total of $84,000 of the 5% bonds was converted into 5,040 shares of common recently. In addition, the company paid off its first serial maturity of $200,000 on Nov. 1, reducing outstanding bonds to $2.7 millions. First $600,000 of the bonds presented for conversion are convertible into six common shares for each $100 of bonds; the second $600,000 at the rate of five shares per $100; and the last $600,000 at four shares per $100. When the stock moved up to $18 to $20 a share recently, it pushed the quote on the bonds up well above 100.

* * *

Canadian Canners—Both common and second preferred shares have recently sold at higher prices than have been reached at any time since 1930, apparently on the expectation of higher prices for canned goods and an accelerated demand from Britain. Reports are current that the company may set an all-time record for profits in the year which ends next February.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Mining 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	35.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153 2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.5	117.7	121.6	56.8	84.3	40.9	94.2
Sept.	132.8	19.1	99.8	164.6	71.9	170.8	108.5	145.3	53.8	78.4	42.2	100.1
Weekly Figures:												
Oct. 5 ..	141.7	21.3	104.3	170.0	76.2	174.2	115.1	152.9	56.1	79.2	44.6	101.0
Oct. 12 ..	144.8	21.3	107.5	179.7	78.6	175.0	118.2	153.7	57.6	78.6	45.5	103.4
Oct. 19 ..	151.5	23.1	108.6	189.7	82.9	179.1	120.0	163.2	59.8	80.0	46.0	107.3
Oct. 26 ..	151.1	24.8	107.0	191.0	84.0	180.8	124.5	165.0	60.6	81.9	46.2	107.9
Nov. 2 ..	149.1	25.0	106.2	187.6	83.6	179.0	128.3	162.1	60.5	83.2	45.8	107.8

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Nov. 7	125.97	115.34	90.79	32.98
Nov. 6	126.76	114.67	90.49	33.24
Nov. 4	127.58	114.92	90.85	33.28
Nov. 3	128.41	115.28	90.84	33.40
Nov. 2	127.54	114.73	91.09	33.49
Nov. 1	127.30	113.92	91.07	33.51
Month ago ..	122.46	107.74	89.28	34.71
Year ago	128.53	122.33	104.77	30.41
High, 1939 ...	129.85	128.95	104.12	45.00
Low, 1939	97.75	100.35	79.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Nov. 7	67.1	90.1	82.5	141.75	97.16
Nov. 6	67.0	91.9	83.6	146.01	97.43
Nov. 4	66.8	91.9	83.5	149.82	97.34
Nov. 3	67.5	92.2	83.9	150.71	99.69
Nov. 2	66.2	91.7	83.2	146.22	100.14
Nov. 1	66.4	91.8	83.3	144.88	100.83
Month ago .	64.0	86.8	79.2	137.43	96.04
Year ago ...	67.7	87.7	81.0	136.99	124.45
High, 1939 .	70.1	93.8	84.9	155.52	126.48
Low, 1939 ..	55.9	63.2	62.7	50.78	86.66

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Attacks Price U. S. Iron Ore

Stelco Vice-President Outspoken — Purchases Restricted

From Our Own Correspondent

MONTREAL.—Base prices for iron ore in the United States this year were maintained at "fictitiously high levels," according to a protest from H. G. Hilton, vice-president of Steel Co. of Canada. His views were incorporated in a letter read to the Monopoly Committee sitting in Washington to investigate the U. S. iron and steel industry.

The letter dated May 22, 1939, was to the Oglebay, Morton & Co., Cleveland, iron ore merchants, holding a long-term contract to supply Steel Company of Canada.

Critical of Price

Hilton wrote that 1939 iron ore prices were "higher than any level which current business conditions will justify" and said his company, owning two ore mines, was forced to compete with "duty free" finished steel from steel firms in the United States.

"In any kind of open competitive buying, the price level for iron ore would be substantially below the level set for this year's market price," he asserted.

The committee was told by Crispin Oglebay, president of the Cleveland firm, that Steel Co. of Canada had contracted to take 150,000 tons of ore annually and was seeking to buy less. He further said his firm refused to reduce prices, but did reduce tonnage to 75,000 tons.

Paper Box Case To Be Continued

Judge Turns Down Motion to Quash Indictment

First legal move in the Dominion's combines case against one individual and 19 companies in the paper box industry, was taken this week in Ontario courts when Mr. Justice MacKay dismissed a motion brought by defendants to have the indictment against them quashed.

The defendants charged that the indictment was not within the jurisdiction of the court and was defective in form. Both points were turned down by the judge who ordered the trial to proceed.

The Dominion has retained J. C. McRuer, K.C., to prosecute the companies named for alleged infraction of the law, as result of the investigation carried on by F. C. MacGregor, commissioner under the Combines Investigation Act, earlier this year. Named in the case are H. J. Badden and the following companies:

Container Materials Ltd.; Wilson Boxes Ltd.; Canadian Boxes Ltd.; Martin Paper Products Ltd.; Hilton Bros. Ltd.; Maritime Paper Products Ltd.; Gair Co. of Canada; Hinde & Dauch Paper Co. of Canada; Corrugated Paper Boxes Ltd.; Hygrade Paper Products Ltd.; Martin-Hewitt Containers Ltd.; G. W. Hendershot Corrugated Paper Co.; Shipping Containers Ltd.; Standard Paper Box Ltd.; Canadian Wirebound Boxes Ltd.; Superior Box Co.; Acme Paper Box Co.; Dominion Paper Co.; Kraft Containers Ltd.

Dominant—
On Canada's Inland Trade Route

Canada Steamship Lines, Limited, the world's largest inland shipping company, is well equipped to play an important part in Canada's expanding trade consequent on increasing industrial activity and the 450 million bushel 1939 wheat crop.

Earnings of the Company have increased steadily during the past four years and are substantially in excess of bond interest requirements.

Canada Steamship Lines, Limited
5% First Mortgage Bonds
Due January 2nd, 1957
Price: 94 and interest, to yield 5.53%

Mail and telephone enquiries
receive prompt attention.

Wood, Gundy & Company
Limited
Toronto Winnipeg
Montreal Ottawa Vancouver
London, Eng. Hamilton London, Ont.

Candy Firm Directorships Resigned By H. R. Bain

Resignation of H. Rupert Bain Toronto, from the boards of Laura Secord Candy Shops and Fanny Farmer Candy Shops Inc. has been announced. Mr. Bain was vice-president and director of the Canadian company and was a director of Fanny Farmer. He resigned from the vice-presidency of the latter company at its annual meeting on March 1, 1939, but retained his position on the board.

Mr. Bain has disposed of his interest in the two companies, which was said not to have been large.

He will be replaced as vice-president and director of Laura Secord by Rolph R. Corson.

Sarnia Bridge Supplies Steel for Chatham School

Contract for the structural steel work on a new collegiate institute at Chatham, Ont., is reported to have been let to Sarnia Bridge Co. Total cost of the project is $250,000.

Public Opinion Storms Ahead

Wise skippers are taking aboard public relations pilots —now—to guide their business through chaotic cross-currents and adverse actions that always follow prevailing conditions. Write Box 203, The Financial Post, Toronto, for appointment.

NATIONAL TRUST DIRECTOR

National Trust Co. has announced the appointment of Hon. F. J. Hughes, K.C. as a director of the company. Mr. Justice Hughes was formerly a justice of the Supreme Court of Canada.

A Home that Savings Built

Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build, and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

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THROAT'S SAKE!

Wherever you buy them, cork-tipped Craven "A" are always in perfect condition ... *fresh!*

WILL NOT AFFECT YOUR THROAT

PACKETS 25¢ TINS 70¢

CRAVEN PLAIN —without cork tip— same fine quality as Craven "A".

Carreras Ltd., London, England
150 Years' Reputation for Quality

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

Kirkland Lake

FOR RENT — WELL LOCATED STORE on Main Street, apartments above, one of the leading stores in city. Will alter to suit tenant. Box 201, The Financial Post, Toronto.

Young Man Required

... by an Ontario trust company outside of Toronto; one having some trust company experience. Write fully, stating age and outlining qualifications as to education and experience. Box 209, The Financial Post, Toronto.

Executive Seeks Change

EXECUTIVE — CONTROLLER — Credit Manager — Expert Accountant —fully trained and experienced—member of two well-known professional associations — unusual record in effective budgetary control—accustomed to complete responsibility for financial end of business—39 years old—Canadian—seeks change for personal reasons. Box No. 207, The Financial Post, Toronto.

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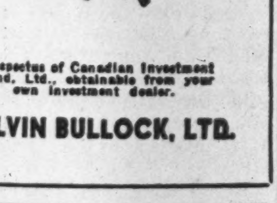
A highly trained and successful statistical organization is prepared to undertake the supervision of several medium sized portfolios — The Service includes analysis of present holdings — recommendations and timely changes — re-investment for appreciation. Service confidential, highly regarded and long established. A note to us will bring you the very favorable terms on which the Service will your advantage. Box 199, The Financial Post, Toronto.

CANADIAN
FUND

Prospectus of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.

CALVIN BULLOCK, LTD.



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Montreal Curb Market

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TORONTO OTTAWA QUEBEC
SHERBROOKE

87

Bond Markets

Turnover of Securities During the Week Small

Dominion Long-term Bond Index Rises For Seventh Consecutive Week, With Price Only 4.2 Below the Same Time Last Year

Trading in Canadian bond markets during the week dried up to a thin trickle. There were few high grade or corporation issues changing hands.

There has been practically no change in the position of high-grade bonds over the past week, and provincial issues have shown relatively little alteration.

The most notable feature of the market in the past few weeks has been the rising strength of Dominion obligations. In the week ended Nov. 2, the Dominion Bureau of Statistics index of Dominion long-term bonds rose to 113.2 from 112.9 in the previous week. This advance marked the seventh consecutive upward movement of Dominion long-terms, and the index now stands only 4.2 below the corresponding week of 1938. Treasury bills have also been much stronger.

Corporation bonds were not active with mixed price movements. A small volume of municipal financing was completed.

• • •

Treasury Bills

Treasury bill rates in the past two issues have reflected the unexpected strength in money markets in the past few weeks of war. Reacting as expected to the outbreak of war, rates rose sharply in the opening weeks of war, but have now given evidence that they will not hold to these levels for the time being at least.

With the sale of $25 millions of 90-day bills on Sept. 29, the average rate on accepted bids rose to 0.925%, which is the highest point reached since April 1, 1936. The rate started to rise in anticipation of war on Aug. 15. The tabulation shown below shows the movement of treasury bills since that time:

90-Day Dominion Treasury Bills

Date	Yield %
August 15	0.553
September 1	0.683
September 15	0.846
September 29	0.925
October 13	0.880
November 1	0.858

• • •

U. K. Bond Market

In Great Britain investors have been encouraged by the return of the bond market to more normal operations. The gilt-edged market, as it is termed there, has been undergoing a gradual process of unfreezing since the war commenced and there has been a visible revival of confidence.

At first high-grades rested on their pegged minimums, but in recent weeks have been trading well above this point. At the present time a cut in the bank rate is held probable and there appears little prospect of lowering the gilt-edged minimums. Conversely, it is reported that London is expecting a raise in minimum quotations in the near future.

Retention of the 3% bank rate has done little to suppress the general expectation of an early reduction.

Resolution introduced into the House of Commons by Sir John Simon, Chancellor of the Exchequer, on Tuesday is the first formal step toward a war-loan issue. The resolution seeks authorization for the British Treasury to raise any sum required for the fiscal year ending March 31, 1940, and for an additional sum not to exceed £250 millions. This latter amount is believed to be in addition to the £938 millions, which it has already been announced are to be met by borrowing.

The costs of war are thus brought painfully to the British taxpayers' notice. From one viewpoint, however, it is a little cheering. It means that the British Treasury will not pursue its intention any further at the moment to finance the war from current taxes.

Despite the magnitude of these loans, it is believed in London that unless there is any impairment in confidence a short-term issue of five to seven years could be sold on a 3% basis.

• • •

Exchange Regulations

Investment Dealers' Association has been in conference with Ottawa on several occasions since the exchange regulations came into force, trying to iron out difficulties and misunderstanding of members. Relationship of the Association and Ottawa officials has been harmonious, with both sides attempting to make the best of a difficult situation. Since the imposition of the regulations, the Association has submitted more than 100 problems for a ruling. While members do not like the restrictions any more than the general public would like rationing of foodstuffs, it is conceded that exchange regulations are necessary in wartime and that the Government has met them half-way in removing as many difficulties as the situation permits.

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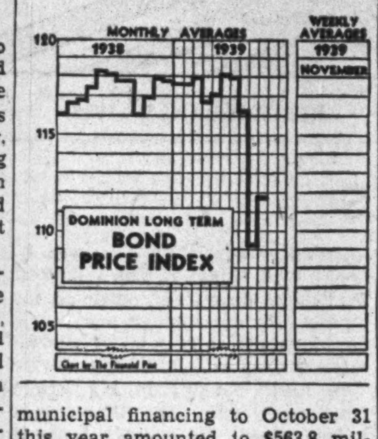
Bond Financing Higher

Sale of $200 millions of Dominion 2% notes, due 1941, pushed up financing figures for the year over those of the same period last year. According to Wood, Gundy & Co.'s compilation, total government and municipal financing to October 31 this year amounted to $563.8 millions, compared with $362.8 millions in the same period last year. Corporation financing during the nine months period shows a substantial increase over last year.



New Financing to October 31

	1939 $	1938 $
Govt. & Munic.:		
Dom. dir. & gt. ..	404,500,000	238,491,666
Prov. dir. & gt. ..	135,808,500	102,132,000
Ont. munic.	6,966,963	4,728,780
Que. & Mar. mun.	16,331,350	15,721,550
West. munic.	214,100	1,676,491
	563,820,913	362,750,487
Dom. treas. bills .	520,000,000	520,000,000
Corporation:		
Public utility	160,391,000	21,450,000
Railway	6,500,000	11,880,000
Ind. & misc.	60,487,500	22,780,500
	227,378,500	56,110,500

• • •

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Oct. 27-Nov. 2	Preceding week Oct. 20-26	Weekly average year ago
Price	113.2	112.9	117.4
Yield	68.7	69.2	62.3

Cap de Madeleine Exchanging Bonds

Default on Oct. 1 Maturity Due to Disturbed Bond Market

From Our Own Correspondent

MONTREAL.—Correction of the default on an Oct. 1 maturity of the City of Cap de la Madeleine is assured, holders of almost two thirds of the defaulted bonds having agreed to exchange their holdings for new bonds.

Default on the Oct. 1 maturity is attributed entirely to the outbreak of war which made it impossible to sell a refunding issue. A refunding issue was being offered by Paul Gonthier & Co. when war broke out. At that time $16,100 principal amount of the new bonds had been sold and arrangements made for exchange of $6,500. However, the offering had to be suspended due to uncertainty arising out of the war.

Bondholders Get Premium

As soon as the situation had clarified somewhat the municipality took steps to correct the default. This resulted in an offer being made to holders of the bonds which matured Oct. 1 to exchange their holding for new 4½% bonds due Oct. 1, 1944. As part of the arrangement, holders of the matured bonds are being offered a premium of 1%.

Financial position of the city is reported sound. The budget of the city is in balance. Tax arrears are comparatively small, amounting to $19,587 at Dec. 31, 1938. Of this amount only $6,747 were on account of levies prior to 1938.

Debenture debt at Dec. 31, 1938, amounted to $902,600. Bank loans repayable out of taxes amounted to $17,504.

Bond Sales

Sandwich Twp.

Township of Sandwich, Ont. has sold to Gairdner & Co. $40,330 of 4% debentures, dated July 1, 1939, and maturing July 1, 1940-59. Purpose of the issue was to retire indebtedness in connection with the Windsor, Essex and Lakeshore Railway. Principal and interest are payable at the Canadian Bank of Commerce, Windsor, Ont. The bonds were bought at par and offered to yield 3.75%.

• • •

Gosfield Twp. South

Gairdner & Co. has purchased $165,000 of 4% debentures of the Township of Gosfield South, Ont. The debentures are dated July 1, 1939, and $35,000 matures serially from July 1, 1940 to July 1, 1949. The other $130,000 matures July 1, 1940-59. Interest and principal are payable at the Royal Bank, Kingsville, Ont. Purpose is to pay for indebtedness in connection with the Windsor, Essex and Lakeshore Railway. The debentures were purchased at par and offered to yield 3.75%.

• • •

Gosfield Twp. North

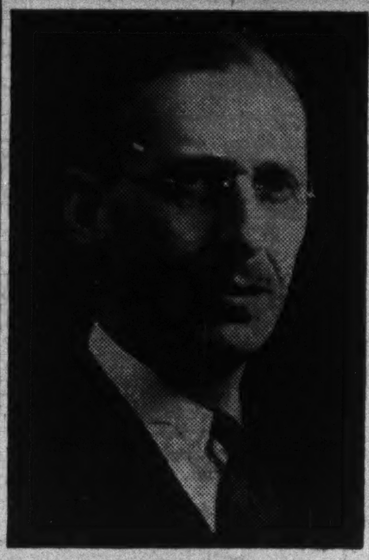
Gairdner & Co. has purchased $120,000 of 4% debentures of Township of Gosfield North, Ont., dated July 1, 1939, and maturing July 1, 1940-59. Principal and interest are payable at the Imperial Bank, Cottam, Ont. Purpose is to pay off collateral deposited with trustee in connection with the Windsor, Essex and Lakeshore Railway. The bonds were purchased at par and offered to yield 3.75%.

Envelopes

for every purpose

Barber-Ellis of Canada, Limited

TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST



ELECTED DIRECTOR

R. C. Berkinshaw, general manager and treasurer of Goodyear Tire & Rubber Co. of Canada, has been elected to the board of directors of Crown Trust Co.

Winnipeg Electric Policy Outlined

From Our Own Correspondent

MONTREAL. — Principal and interest on Winnipeg Electric Co.'s series A bonds are payable in Canadian funds only. This is the official interpretation of the trust deed, on which some misunderstanding exists with reference to payment in pounds sterling or U. S. funds.

The company is obligated to pay in Canadian funds only, but it will convert the amount set aside for interest, for example, into sterling or U. S. dollars at the rate of exchange prevailing 15 days prior to the date of payment. Thus, if the holder wanted payment in American funds, he would be paid as many U. S. dollars as would be purchased by the amount of Canadian funds due at the time of payment. In other words the company has no liability in respect to the premium on American funds, in so far as interest payments are concerned.

National Light To Retire Bonds

Earnings For Nine Months to Sept. 30 Increase

National Light and Power Co. has announced that, through the trustee for the 6% first mortgage bonds, it will redeem $3,150 of the series B bonds.

Offers should be forwarded to the trustee, National Trust Co., Toronto, by Nov. 17, and will be deemed to include accrued interest.

In the nine months ended Sept. 30, the company reported increased revenues, with net earnings totalling $248,402 for the period, compared with $223,938 in the same period last year. Net profit before income tax, amortization expenses, other interest, etc. amounted to $83,010 in the nine months of the current year, against $67,909 in the corresponding period last year.

Earnings Statement
Nine Months Ended Sept. 30

	1939 $	1938 $
Oper. earnings	433,523	398,590
Less: Oper. expenses	191,324	178,869
Net oper. revenue ...	242,199	219,721
Add: Misc. income ..	6,203	4,217
Net earnings	248,402	223,938
Less: Depreciation ...	67,653	63,072
Bond interest	97,739	92,957
Net profit*	83,010	67,909
Times Bd. Int. Earned:		
Before deprec.	2.54	2.41
After deprec.	1.85	1.73
Output in kw.h.	21,283,043	18,704,204

*Before income taxes, amortization expenses, other interest, etc.

Railway Exchange Bldg. Issues New Securities

From Our Own Correspondent

MONTREAL. — Holders of the 6½% first mortgage bonds of Railway Exchange Building may now exchange their holdings for the new bonds to be issued under the plan of reorganization, which was approved recently.

Bondholders will receive a like amount of new first mortgage bonds bearing 2½% interest to April 1, 1947, and 3% thereafter to maturity in 1959. They will also receive a sum in cash equal to 5% of the principal amount of their holdings. The cash payment is in lieu of interest for six years prior to April 1, 1939.

Bond Tenders

5 p.m., Nov. 20, Saint-Hyacinthe, P.Q.—$410,000, 3½%, dated July 1, 1939, redeemable serially during 30 years. Alternate bids at rate of 4% may also be offered. M. A. David, clerk.

5 p.m., Nov. 21, Corporation of Parish of L'Annonciation (Oka.), P.Q.—$15,200, 4%, dated Nov. 1, 1939, maturing annually over a period ending Nov. 1, 1959. F. Harbour, sec.-treas., Oka, P.Q.

The Consumers' Gas Company of Toronto

NOTICE *of* ANNUAL MEETING

The **ANNUAL GENERAL MEETING OF THE SHAREHOLDERS** of The Consumers' Gas Company of Toronto, to receive the report of the Directors, for the Election of Directors for the ensuing year and for the transaction of such other business as may properly be transacted at the meeting, will be held in the Company's Auditorium, 55 Adelaide Street East, Toronto, on **MONDAY, the 13th DAY OF NOVEMBER, 1939,** at 12 o'clock noon.

By Order of the Board,
EDWARD J. TUCKER,
Secretary.

Toronto, October 12th, 1939.

Quebec Needs $70 Millions

Government May Call Emergency Session to Deal With Finances

From Our Own Correspondent

MONTREAL.—One of the first tasks of the new Quebec Government will be to arrange for a bond issue to fund the legacy of debt left it by the Duplessis administration.

Official information is lacking, but it is estimated the borrowing requirements of the Godbout Government in the immediate future amounts to at last $70 millions—possibly more.

Treasury bills of the Quebec Government held by the banks are reported to amount to between $20 and $25 millions. Unpaid warrants and commitments made by the Duplessis Government amount to another $25 millions at least. The Quebec Farm Loan Bureau is said to need another $10 millions.

In addition, the Godbout Government will have to secure funds to meet a maturity of $13.7 millions which falls due on Jan. 2 next.

Part of the treasury bill indebtedness at present outstanding was incurred to meet at $10 millions maturity on Sept. 1.

May Call Session

According to reports from Quebec, Premier Adelard Godbout is expected to call an emergency session of the Quebec legislature in the near future. The main purpose of the session will be to deal with the financial situation of the province.

Present expectations are that not only will expenditures be curtailed but that taxes will be increased. In connection with the latter, the report of the Montpetit Taxation Commission which was appointed by the Duplessis Government may be of value in determining a sound taxation policy.

Financial circles do not expect Quebec to seek all of its immediate requirements through flotation of one large loan. It would be difficult for the bond market to absorb such a loan. Rather, it will probably decide to do its financing in fair-sized "chunks."

Can. Invest. Fund Net Assets Higher

Market Value of Investments Exceeds Cost by $962,890

From Our Own Correspondent

MONTREAL. — Canadian Investment Fund reports an increase of more than $1.5 million in total net assets, with securities valued at market, during the three months ended Sept. 30.

Quoted market value of the company's investments as of Sept. 30 was $962,890 higher than cost. This compares with $164,820 below cost on June 30.

Per share net asset value on Sept. 30 was 11.2% higher than on June 30, 1939, and 4.62% higher than the corresponding date last year.

Calvin Bullock, president, points out that the more fully invested position on June 30 than one year earlier enabled a fuller participation in the third quarter rise in stock prices.

During the quarter the company disposed of its holding of Government bonds—$200,000 of Dominion of Canada 4½% bonds due 1944. It also sold 600 common shares of National Breweries, reducing its holdings to 5,000 shares.

Holdings of common shares of Aluminium Ltd. were increased by 150 to 2,000; shares of Hudson Bay Mining & Smelting by 3,000 to 13,000; shares of National Steel Car Corp. by 75 to 3,000; and first mortgage bonds of Consolidated Paper Corp. by $60,000 to $160,000.

PERSONAL EXPERIENCE

Special problems and special considerations enter into the successful management of each individual estate. When you appoint the Toronto General Trusts your executor you can rely upon its officers to translate a will or trust deed not only into efficient business practice but into an understanding devotion to the particular interests of your family. ¶ This Trust company is now serving in many cases the third generation of its original clients. It has always regarded the personal aspect of estates' administration as being of the first importance. ¶ Enquiries to discuss estate matters are cordially invited and will place you under no obligation.

THE
TORONTO GENERAL TRUSTS
CORPORATION

Assets under administration $237,000,000

GEOLOGIST WANTS CONNECTION.

FULLY QUALIFIED GEOLOGIST seeks arrangement with adequate financial interests to lease and explore large untouched potential crude oil areas in Alberta. Shallow drilling and asphaltic base crude anticipated. Apply Box 205, The Financial Post, Toronto, Ont.

EMPLOYERS
Who Need Office Help

Try the Shaw School service — no charge to you or to the applicant. State requirements and get just the person you want. Ring Employment Bureau, KI. 3165.

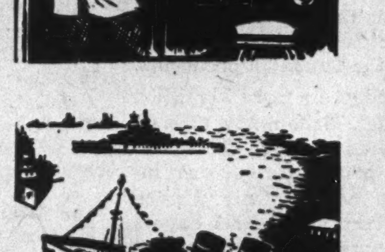
SHAW SCHOOLS

3 MILLION DOLLARS NEEDED

to heal war's wounds

Already $408,000 has been appropriated for immediate expenditure, or has already been spent to purchase wool, cloth and all types of materials and supplies for Red Cross branches throughout the Dominion.

The Canadian Red Cross has undertaken to construct and equip a 300-bed hospital for Canadian soldiers at Taplow, England, to be known as Canadian Red Cross Hospital Number One. The cost of this undertaking is conservatively estimated at $250,000.



Approximately $150,000 will be required each month for the next eight months to furnish all branches of the Red Cross in Canada with the wool and other materials they need to carry on their war efforts.

It is estimated that $950,000 will be required to carry on the normal Red Cross work in Canada—for outpost hospitals and nursing stations, work in frontier districts, etc. During the past two years, the cost of this work was $2,293,000.

WHEN CANADA DECLARED WAR, the Canadian Red Cross found itself practically without funds. Almost immediately the need for Red Cross assistance became apparent from one source after another. Much of this work was of vital importance and had to be undertaken at once. To carry out the work to which it has already committed itself for the coming year, the Canadian Red Cross must have $3,000,000:

... Normal work of the Red Cross in Canada	$950,000
... Wool, materials and supplies already provided or required immediately by Red Cross branches throughout the Dominion . . .	408,000
... To construct and equip a 300-bed hospital for Canadian soldiers at Taplow, England	250,000
... $150,000 a month for the next eight months to furnish branches of the Red Cross in Canada with the materials they need	1,200,000
	$2,808,000

This leaves the barest margin for unexpected emergencies, to assist the allied Red Cross Societies with goods and money and for other needs which are almost sure to arise.

Total contributions of the Red Cross during the last war amounted to 35 millions of dollars in cash and goods. For the present campaign, Canadians are asked to contribute $3,000,000. It is essential that every Canadian should shoulder a share of this vital Red Cross work. Dig in and give—today.

The need is urgent—
dig in and Give

CANADIAN RED CROSS

President, HIS EXCELLENCY LORD TWEEDSMUIR, Governor General of Canada.

Chairman of Central Council
NORMAN SOMMERVILLE, K.C.

Honorary Secretary
F. D. L. SMITH

Honorary Treasurer
COLONEL A. L. BISHOP

Chairman of National Campaign Committee
HON. G. HOWARD FERGUSON

Vice-Chairman of War Activities
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Chairman of National Work Committee
MRS. WALLACE R. CAMPBELL

Chairman of Transportation Committee
LT.-COL. K. M. PERRY, D.S.O.

Chairman of Purchasing and Supplies Committee
WILLS MACLACHLAN

Vice-Chairman Executive Committee
LT.-COL. JOHN A. COOPER

National Director Junior Red Cross
MISS JEAN E. BROWNE

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MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, NOVEMBER 11, 1939

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Elimination of public and private waste.*
3. *Pay-as-we-go financial policy.*
4. *Planning the war effort with the post-war as well as the emergency needs in mind.*

In achieving these objectives the spirit of sacrifice and unity in Canada can be used in finding sound, long-term solutions to problems left unsolved in the idle days of peace.

A Thought For Remembrance Day

BEFORE the hysteria and propaganda of the Second World War get too great a hold on us, it is imperative that the peoples of Canada and the allied nations keep a clear vision of what it is we hope to achieve at the end of this present conflict.

Remembrance Day may serve a double purpose this year: to recall the sacrifices of 1914-1918 and to recall the mistakes of 1919-1939. And we may ask the American people to join us in remembering.

If the American continent is to prosper in the world of tomorrow we must get a final economic and political settlement out of this war. We cannot get such a settlement unless we measure up to the task of a wise and just peace; unless we try to control the hysteria and hate which made a proper peace settlement difficult if not impossible in 1918. Twenty years ago it was the politicians who wrote the peace treaty. The economists ought to be given a hand in the job the next time. Public opinion must be prepared to avoid the pitfalls of the 1918 tragedy.

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But even a treaty of peace cannot produce a settlement. Much more influential than a scrap of paper like a peace treaty in determining the fate of the world will be the economic policies that the nations decide to pursue in the days of reconstruction. That much at least we should have learned in these fateful 21 years.

Among the policies that are essential to an economic settlement and to continued peace after the war will be these:

1. Unselfish, courageous, generous policies of lending. There must be free flow of capital across international frontiers. The New World will have to undertake the job of rebuilding the Old World. The day will come, as a case in point, when we shall have to help the German people build themselves a new nation and a new economy in which Hitlerism can never again take hold.

2. There will have to be freer flow of trade between nations. The dragon's teeth of incredibly stupid trade barriers have already raised us a crop of avenging warriors. Let's sow no more dragon's teeth of that kind, but use tariffs to direct trade rather than destroy it.

3. Above all there must be a genuine effort to settle the unsolved problems of access to raw materials and of redistribution of population.

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At Versailles there was a wild scramble for vantage points from which to fight the next war. There was no effort at economic settlement, and as a result we did not get peace. We merely got a combination of revolutionary and power politics.

Neither Canada nor the United States can dodge their responsibility for achieving such a settlement.

We must not lure Europe into a fanciful scheme of collective security and then drop out when our strength is most needed. We must not ask Europe to pay its debts out of an empty treasury and refuse Europe the right to pay those debts with the products their people could produce by manual labor. We must not pour millions of new capital into Europe in a purely speculative fever and then cut off the flow with the abruptness of a guillotine severing a main artery.

And so on Remembrance Day let us ponder deeply on the fact that winning the war is only part of the battle. Achieving a just and enduring peace, based on economic security, is an equally important objective.

Contrasts in War Finance

ONE of the striking contrasts between this war and the last is the way Canada is preparing to finance the present conflict. A study of 1914-18 figures shows the astonishing fact that while Canada spent huge sums for war, only a meagre sum was collected in war taxation.

In round figures, war expenditures in four years were $1.3 billions. The increased liabilities which Canada contracted during the war, and passed on to post-war generations by way of debt, were almost $2.1 billions. We entered the war with a debt of $335 millions and emerged with a debt of $2,400 millions. That was for the period of actual war. The war expenditures continued on a large scale well into 1920.

During the same period, Canada raised in war taxation only $101 millions. As well, many of the war bonds were tax free and continued so until a few years ago, when the last of them matured.

We entered the last war with a primitive taxation structure. The Dominion relied for revenues almost entirely upon indirect taxation. There was no sales tax, no income tax until 1917 and so on. This time the tax structure will begin to yield higher revenues the moment that the country feels the stimulation of war orders. Indeed, the present peacetime tax structure, under war conditions, would probably yield hundreds of millions of additional revenue each year. But in addition to the ordinary taxes, the Government at the special war session clapped on a number of special war taxes, including an excess profits tax which will take in up to 60 per cent of profits if they rise to sufficient heights.

The amount appropriated for war effort in Canada's first war budget is almost identical with the amount raised by taxes during the entire 1914-18 conflict.

Small City Dailies

OUTSIDE Toronto and Ottawa, each city of Ontario is served by a single daily newspaper. Among the smaller dailies there is no more substantial newspaper property than the Evening Review of Niagara Falls, which recently celebrated its 25th anniversary as a daily and its 60th year of origin as a weekly.

The Evening Review modestly entered the "daily" field in October, 1914, under the proprietorship and editorship of Frank Howard Leslie. Mr. Leslie has been part and parcel of it ever since. He purchased the weekly from Harry P. Stephens in 1904, the year Niagara Falls became a city.

Success in the daily field may come from several reasons—an abundance of capital to start with, getting in on the ground floor and really keeping pace with a thriving and growing community, or the personal propelling force and enterprise of its management. The Evening Review has succeeded, like many other Canadian newspapers, mostly through the able managerial qualities of its proprietor.

Business may prosper and have little contact with its community, but a successful newspaper is an institution which lives intimately with its people. This applies particularly to small city newspapers. Such papers suffer and prosper as their community suffers and prospers, but invariably they are able to guide and influence their community towards happier, more successful living.

That has been the experience of the Review. It has kept well in advance of the growth of its community. It has expanded and improved itself until today its staff, news gathering facilities and plant compare except in size with the best daily newspaper organizations in Canada. When the Evening Review was first launched into the daily field, its telegraphic news service was 100 words a day; now it is around 50,000.

Back of the Review are the high ideals and fine record of achievement characteristic of small city dailies across Canada. Celebration of its anniversary is a tribute to Mr. Leslie and to the community he has done so much to assist.

The Copper Deal

ALERT economic planning, so characteristic of the present war, and Canada's new rôle as arsenal of Empire, both have dramatic demonstration in the deal for Canadian copper recently completed between the British Government and the Canadian producers.

In 1914, Canada produced a mere 76 million pounds of the red metal. Britain now calls on Canada for 420 million pounds. This still leaves us 166 million pounds for our own industrial and export needs. Only United States, Chile and Northern Rhodesia have a greater annual output. In a dozen other great industries Canadian growth since the last war is just as striking.

Economic planning for war is something that has been learned since the last one. Copper prices skyrocketed to more than 35 cents a pound in the 1914-18 struggle. Supplies were uncertain. For purchaser and producer, all was chaos.

This time, producers have the guarantee of a satisfactory fixed price which may be adjusted to meet rising operating costs. They have no problems about securing shipping, already so difficult, or meeting the high shipping costs, insurance costs or uncertain deliveries because of metal being sent to the bottom of the ocean or delayed by convoy exigencies.

Britain is getting a vast store of copper from a source that can give her more if necessary. She gets it at a very moderate price. She looks after her own deliveries, getting the copper as she wants it.

Canadian producers know exactly what they are to do; they have their industry stabilized as to production and price and the satisfaction of doing a patriotic job. Any present or future suspicion as to profiteering such as might accompany wide swings in price is eliminated. Instead a basis has been laid for stabilized income which should greatly aid the industry in its long-term planning and pave the way for resumption of normal activity when the war is ended.

Our Western Oils

WESTERN oils are now on the verge of a new era of expansion. Several tests on very promising wildcat fields are nearing completion. Another structure just as important as Turner Valley is probably about to be born. The Dominion's best-informed geological and engineering brains are confident that a vast future lies ahead.

Through western crude oil production is only three years old, it has already established itself as the source of supply for important and expanding section of the Canadian market and as a real money-maker for Canadian enterprise. Elsewhere in this issue The Financial Post tells something of the glamor and achievement of this important industry in a special series of articles.

Far too much gloom has been talked about the "geographic handicaps" of the western oil fields. There has been far too much impatience. Sound growth of great industries takes time. Capital is very willing to go wherever profits can be indicated.

The western Canada oil operators are doing a mighty job of industrial pioneering; most of them doing it exceptionally well. Their record speaks for itself. And they've had a lot against them; almost everything but courage and oil—lots of it.

The Canadian Editorial of the Week

The C. I. O. Makes an Offer

Toronto Globe and Mail

Naïvely enough the Congress for Industrial Organization, Canadian Division, meeting in Ottawa, hears plans to avoid industrial strife in order to promote war productivity in this country. This is to be brought about by collective bargaining. Also heard its National Committee report that it had offered to co-operate with the Government "in its measures to defend itself against Fascist aggression."

What about Communist aggression? This is also a peril to be combated. There is a lull in Red activity, but there need be no doubt that the work is going on in the underground fashion. The C. I. O. is an international organization, and before offering help to the Canadian Government it should cleanse itself of the Communist taint. Its methods in labor disputes are not in line with the views of the Canadian people, and are opposed to the procedure of the majority of experienced Canadian trade unionists.

Earl Browder, official head of the Communist Party in the United States, is cited as testifying that Communists trained in the technique of organization and leadership occupy key positions in the C. I. O.—and the C. I. O. is international in its operations. This should be borne in mind when the Canadian Division speaks.

The utmost in productivity is required in Canada to provide war needs, but this will not be ensured by known C. I. O. methods. In its automobile trade disputes in the United States the sit-down strike has been superseded by the slow-down plan. By this method a slowing down of production in one plant throws a whole industry out of gear. Both the sit-down and the slow-down are unmanly in character.

But the present point is that, while the Canadian Division of the C. I. O. is ready to help the Government "defend itself" against fascism, communism may have full fling against all authority. It suits the Canadian Division of the C. I. O. to ignore this other common enemy of Canadianism. And while in the United States C. I. O. slow-down plans hamper production, the Ottawa meeting discourses on greater productivity for the country's war effort.

Had the Canadian Division declared itself on Communist as well as Fascist activities in Canada, its offer of war help would be more acceptable.

Editorials in Brief

Discontent in Germany is such that the Nazi command has been holding "pep" meetings of the Gauleiters. These men are the local chiefs of the Nazi party organization and, in effect, are the "ward bosses" of Germany.

A popular (but sub rosa) pun in Germany is based upon the fact that an old German word, gau, means "donkey." Thus gauleiter also means "donkey-driver."

There are plenty of people in Germany who think they are asses to let themselves be driven by the Nazi bosses.

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Last March when business was still in a tail-spin, a staff writer of The Financial Post visited Washington and came back with the forecast, obtained from a good source, that 1939 business would equal 1936's excellent record. His information placed the average level of 1939 business at about 105 on the Federal Reserve index. (The index was only 92 when The Post published the estimate.)

Latest F.R.B. index shows U.S. business at 110 in September. It is estimated at 118 for October. If November and December merely retain the present level and show no gains at all, the average for the year will be 104.

The estimate made in March was greeted with jeers in some quarters. It will not be far out, one way or the other.

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The Winnipeg Free Press did well to turn aside from its editorial coverage of the world's news to pay tribute to the memory of David Bruce MacRae. In a recent issue the entire editorial page was devoted to splendid tributes from his former associates at Winnipeg.

Since May 6, 1910, when Mr. MacRae arrived from Ontario to take a job as a reporter on the Winnipeg daily, he made an increasingly vital contribution to western journalism and indeed to Canadian national life and wellbeing. His competence as a newspaperman was matched by the buoyancy and warmth of his personality.

The Sifton organization and the Regina Leader-Post which he directed so ably for more than a decade are by no means the only losers through his untimely death.

Sayings of the Week . . . .

"Modern war is a grim business. It demands cool judgment and a balanced strategy."—*Prime Minister Mackenzie King.*

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"Peoples that have once lived in freedom never can forget it."—*Dr. Eduard Benes.*

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"We must prepare for a long and terrible struggle in which staying power, the power to hold out to the end, may well be decisive."—*Prime Minister Mackenzie King.*

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"Adults in totalitarian states are tired of hero-worship, and bored with propaganda. The pendulum is swinging, if not towards democracy as we know it, at least away from Caesarism."—*F. M. Yeats-Brown.*

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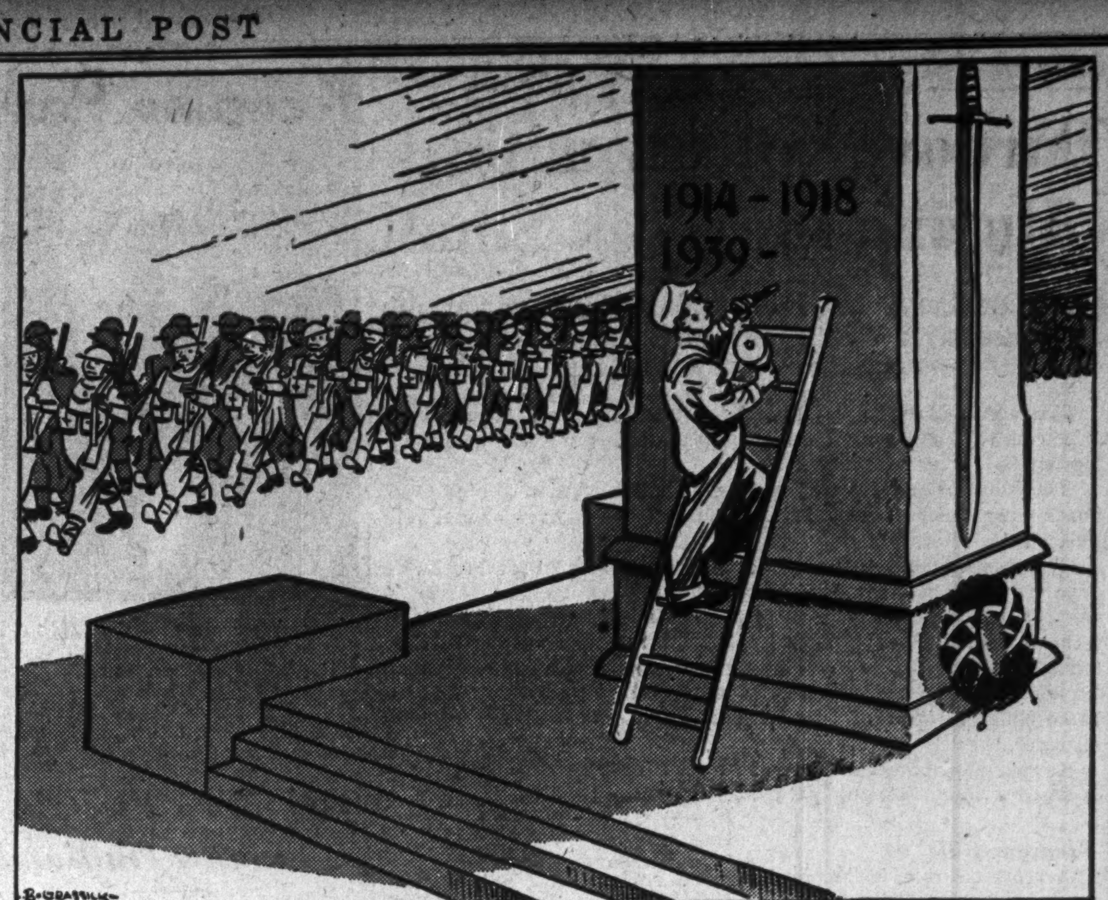
"The fundamental problem of the war is how Europe and the world are to deal with the amalgamation of the German-Russian revolution."—*Walter Lippmann.*



REMEMBRANCE—1939!

—Cartoon by Grassick.

Post-Scripts . . .

Young Dark Horse

Appointment of 36-year-old Prof. F. Cyril James to succeed Dr. Lewis W. Douglas as principal and vice-chancellor of McGill University is a victory for a "dark horse" entry. His appointment was a considerable surprise to most friends and graduates of the university, as well as the general public.

F. CYRIL JAMES

The new principal was appointed director of the School of Commerce at McGill in May last and came to the University in September. According to Sir Edward Beatty, chancellor of the university, "his service to the university, although short, has disclosed a grasp of practical affairs, a knowledge of university policy, a comprehension of the functions of an institution of higher learning, and an intimate acquaintanceship with North American problems that has impressed all those who have had even a passing acquaintance with him."

To the Canadian public he is an "unknown quantity," but his record is unusual, impressive. He is a distinguished scholar, with a broad university background. In addition he has had practical business experience.

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Born in England, he graduated from the London School of Economics in 1923. Immediately following graduation he joined the staff of Barclay's Bank in London, but in december of that year was awarded the Sir Ernest Cassell Fellowship to investigate economic conditions in North America. He received his Master of Arts degree from the University of Pennsylvania in 1924 and Doctor of Philosophy in 1926. In 1924 he was appointed instructor of finance in the Wharton School of Finance and Commerce at the University of Pennsylvania. In 1935 he became professor of finance and chairman of the faculty of social science at that institution.

Professor James is one of the four directors of the American Academy of Political and Social Science, and secretary of the Advisory Conference on Financial Research of the National Bureau of Economic Research. In 1936 he acted as research adviser to the Association of Reserve City Bankers in the U. S. He was granted leave of absence from the University of Pennsylvania during the 1937-38 session to occupy the position of vice-president of the First National Bank of Chicago for the purpose of undertaking a study of the Chicago money market.

He is the author of five books and a number of articles on economic subjects.

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Youth will now have its fling at administering the affairs of McGill. The new principal is one of the youngest men to head a Canadian university.

Prof. James does not plan to make any immediate changes in the policies of McGill, but he expects Canadian universities to play an increasingly important part in the academic life of the British Empire. McGill, he feels, has a major part to play in view of the fact that the major English universities have to contract their activities as a result of the war.

One of the principal reasons for his appointment as director of the McGill School of Commerce was plans for reorganization of the department and investigation of the possibility of establishing in Canada an institute to conduct economic research of a fundamental nature. He is expected to continue his interest in this project, although a new director of the school will be appointed.

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Donkey Parade

It isn't often we let a member of our own staff use good Post-Script space but something happened last week on Toronto's Bay Street that seems too good to be allowed to slip into the limbo.

It was about 10 a.m. on Saturday morning. Advertising salesman A. Leslie Wainwright of The Financial Post heard drums and music on the streets. He investigated and saw a parade whose chief point of interest was a donkey with the strange device "We Lost" hanging in big letters from each side. Mr. Wainwright looked again. He quickly twigged the fact that one of his important "prospects," the Iron Fireman Manufacturing Co., was up to something new in the way of sales promotion. He stepped out to see.

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All at once he realized that alongside the donkey was walking the one official of the company he had tried long and hard to see—no less a person than E. C. Sammons, of Portland, Oregon, vice-president of the parent company. Mr. Wainwright did some quick mental arithmetic. Last time The Post had tried to see Mr. Sammons a representative had ridden over 3,000 miles to Portland and back. But now, here was the prospect just a few yards away.

Boldly Mr. Wainwright pushed himself into the parade under guise of giving the donkey something to eat. He accosted Mr. Sammons, introduced himself and started his sales talk about the merits of The Post. Mr. Sammons agreed. They had a fine chat.

Mr. Wainwright wanted to leave a copy of The Post with Mr. Sammons but there were no pockets in the natty plaid shorts which Mr. Sammons was forced to wear in order to pay his lost wager. Mr. Sammons still wanted The Post, so he insisted it be put in the truck and that he would look at it after the parade.

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Why was Mr. Sammons walking Toronto's streets with shorts and a donkey?

Apparently he had bet his Toronto sales force they couldn't sell 100 new Iron Firemen—and they did. He was merely paying his bet over a five-mile course along some of Toronto's busy streets.

And by the way, our Mr. Wainwright has something of a reputation for not letting sales grass grow under his feet. Not long ago he signed an important contract with a prominent mining magnate just as the latter was stepping out of his bath. Mr. Wainwright handed his prospect a towel to dry himself; then a fountain pen to sign on the dotted line.

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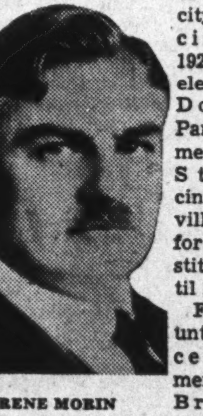
C. B. C. Chairman

Rene Morin, the new chairman of the Board of Governors of the Canadian Broadcasting Corp., has been in the public limelight since his early thirties.

In 1915, when he was only 32 years of age he was elected mayor of his native city, St. Hyacinthe. In 1921 he was elected to the Dominion Parliament as member for St. Hyacinthe-Rouville and sat for that constituency until 1930.



RENE MORIN

From 1936 until the recent retirement of L. W. Brockington he was vice-chairman of the Board of Governors of the Canadian Broadcasting Corp. As a French-Canadian he has played an important part in determining policies of the corporation and in developing the radio as an instrument of national unity.

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Like his predecessor in office he has a reputation for sticking by his guns. In 1917 the city council of St. Hyacinthe decided to proceed with a substantial street paving programme. Mayor Morin, however, was opposed to large public works during the period of the war. When the council overrode his veto he promptly resigned the mayoralty chair.

By profession he is a notary, a phase of the Canadian legal profession that is peculiar to the Province of Quebec. In this, like many another Quebec notary, Mr. Morin followed in his father's footsteps. The notary business in Quebec is very often a family concern, documents being handed down from one generation to another.

In 1927 he left his notary business in St. Hyacinthe to become general manager of the General Trust of Canada with head office in Montreal, an affiliate of the Banque Canadienne Nationale.

His ability as a notary is well known. During the Great War he demonstrated that he is also a salesman. In 1917, when the Great War Victory Loans were being offered, he won two prizes given by the Victory Loan Committee. Not only did he sell a larger number of Victory loan bonds than any other notary in Quebec, but also the largest amount.

He was educated at St. Hyacinthe College and McGill University. He holds the degree of Bachelor of Civil Law from McGill.

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Canada Salesman

Because he believed that British Columbia's future greatness depended on the development of foreign markets, Harvey Reginald MacMillan hitched his wagon to that star, left the civil service and eventually became the province's outstanding industrial leader.

H. R. MacMILLAN

His most recent activity was the announcement of a $300,000 expansion for his plywood company.

"Some people may hesitate about investing in Canadian industry in wartime," he said when he announced the project. "I don't agree with that attitude. Creating employment producing goods for export or replacing goods that otherwise would be imported impresses me as being worth-while national service at this or any other time."

Periodically Mr. MacMillan leaves his office in Vancouver's Metropolitan Building and makes a complete circuit of the world. In this way he renews his contacts with distant places, charting the course for the future overseas expansion of his varied enterprises. Going west from Vancouver on one of the Empress liners last spring he visited Japan and China, continued through to India and the Red Sea and Mediterranean to the British Isles. Not long ago he made an air trip of northern British Columbia with some of his fellow directors on the board of B. C. Packers.

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Rated one of the most brilliant graduates of Yale forestry school in the days before a good technical course in forestry was available at any university in Canada, MacMillan was chosen by the late "Billy" Ross, then minister of lands in British Columbia, to organize the province's first forest service. MacMillan did a first-class pioneering job, gathered around him several able subordinates, many of whom have since established themselves in prominent places in the lumber and related industries.

In 1915 MacMillan had his great awakening. Sent on a tour of the world to study the market possibilities for B. C. lumber, he returned with the conviction that no one was tackling the great export markets as they should be tackled; that B. C. was "missing the boat" because it persisted in ignoring the value of foreign trade. He quit his job with the government and after a year of practical experience in the biggest export mill then operating in British Columbia, he set up his own business, the H. R. MacMillan Lumber Export Company, at Vancouver.

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Almost from its inception the MacMillan organization has grown without interruption. Instead of one room in the Metropolitan Building, his company now occupies several floors. Originally operating as a middleman for the industry, selling in foreign markets the lumber manufactured by other companies, MacMillan entered the producing end of the business several years ago and today he and his associates own several of the largest sawmills in the province. The magnitude of his operations was recently illustrated by his purchase of $4,000,000 worth of timber from the John D. Rockefeller interests on Vancouver Island. He bought an additional $1,000,000 worth more recently.

Dissatisfied with having to depend on other people's cargo ships MacMillan some time ago formed his own steamship company and he often has fifty or more ships under charter, carrying lumber and other B. C. products to the markets of the

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Recognizing MacMillan's talents as an organizer, B. C. Packers, Ltd., made him their president several years ago. He promptly changed the company's whole set-up, slashing overhead, refinancing and putting the organization on a sound footing as the largest packer of fish products in Canada. He is also a director of B. C. Power Corporation, a director of the Canadian Bank of Commerce, a director of Dominion Tar & Chemical Company and a member of the Canadian advisory board of Sun Life Assurance Company.

As Others See Us . . . .

Why No Limit?
Timmins Press

The Financial Post has "exposed" another Department of Defense contract. This one is for planes, and gives the manufacturers whatever the planes cost plus 10%, and there is no limit to the whatever.

Why did we choose this business?

Fair Criticism
Barrie Examiner

Quite properly The Financial Post criticizes the system of awarding contracts for military aircraft on a "cost plus" basis.

While the contracts provide for a 10% profit, The Post contends that, as the contracts specify no "ceiling" for costs and no limit to aggregate profits, no one can say how much the planes will cost until the contracts are finished.

Blundering Inefficiency
Yarmouth Light

The Financial Post is still digging into the blundering and inefficiency of the Department of National Defense under Hon. Ian Mackenzie, who had $57,000,000 a year to spend and evidently knew how and where to spend it. A family home and estate were acquired in the West, at a cost of $92,446, for use as an airport.

Perhaps the story is all told with the assessed value of the property, $49,150. The court arbitration cost $8,586, which was plenty.

Job for the Censor?
Alameda Dispatch

For an illustration of rotten journalism we award the cake to The Financial Post of Toronto; supposed to be and claimed to be, the leading financial newspaper in Canada, it has been engaged for months trying to make trouble for the former Minister of Defense in the Federal Cabinet. Prior to the declaration of war such tactics were within the right of The Post or any other newspaper, but once war was declared and Canada requires all its citizens to pull together, it ill becomes a great newspaper to keep on trying to stir up trouble. Leaders of all political parties have agreed to bury the hatchet and pull together in the war efforts of Canada.

Such articles as that appearing during the past few weeks in The Financial Post should be investigated by the censor at Ottawa. This is no time for political bickering; all the energies of Canada and Canadians are required to win the war.

Patronage and Favoritism
Rainy River Record

The Financial Post, which is a MacLean publication, has unearthed many deals which required the expenditure of public moneys, which are of gravely doubtful wisdom, and which they point out are tainted with political patronage. In nearly all of these cases the former Minister of National Defense, Ian Mackenzie, has been the butt of The Post's accusations. So much sentiment was stirred up that Mackenzie King deemed it necessary to remove Mr. Mackenzie from the portfolio of Minister of National Defense to that of Minister of Pensions and National Health. This post carries with it the expenditure of over $55 millions and nets the minister the significant salary of $10,000 per year.

In view of the exposures made and authenticated by The Financial Post, of past unwise transactions which tend to reveal political patronage and favoritism, the removal from the cabinet of Ian Mackenzie would seem in the best interests of the public and of the present government.

Other People's Views . . . . . .

Canada's Happy Warrior
Ottawa Journal

Whatever of good or evil emerges from this Quebec election, one figure will come from its battlefield gallant, clean, without reproach. Ernest Lapointe has fought his fight with courage so high, with impulses and ideals so true, and with an eloquence so stirring for all of us, his old political foes can salute him with their homage. Not merely French-Canadians, but all who believe in democracy, in Canada and its eternal unity, can take pride in his testimony that Canadian soil and institutions can yield leadership so devoted.

To many men has been applied the term "The Happy Warrior." To few could it have been applied more fittingly than to Ernest Lapointe. There is something about this great French-Canadian which disarms hatred, a wit that never sears, a gift for the apt phrase and brilliant image that challenges admiration, a good-humored zest for battle that makes his combat unique. More than a third of a century of political combat has left him without personal enemies.

Stop Me If . . . .

In a moment of weakness, Sandy's son had loaned a friend five hundred dollars without benefit of written receipt. In desperation, he consulted his father.

"That's easy, me lad," consoled the father. "Write him and say you need the one thousand dollars instantly."

"You mean the five hundred dollars," interposed Sandy, Jr.

"That I do not. You say one thousand dollars, and he will write back that he only owes you five hundred. Then you will have it in writing."

Week in Business

Expansion of Payrolls Boosts Buying Power

Steel Production Gains Sharply — Railway Employment Reported Higher — Industrial Firms Announce Increases in Wage Rates

Increasing industrial payrolls and the larger purchasing power of the farming community resulting from large crops, continue to stimulate business. Reflecting the improvement was the recent statement of a Saskatchewan merchant that September and October were the two best months he had ever had since he had been in business in that province for 32 years.

Further evidence of acceleration is presented by statistics of trade, as follows:

Indices of Sales

	Sept. 1939	Aug. 1939	Aug. 1938
Retail*	87.4	81.8	80.8
Dept. store	86.0	73.1	76.8
Wholesale	141.7	102.6	106.7
Country store†	+12.1	—2.2	—3.9

*Number of sales. †Per cent change from previous year.

Production generally is reaching the best level in many months. Output of steel ingots at last reports was 70% above the 1938 level, newsprint exports are up almost 17%, lumber exports up 47%, while combined net revenues of the two railroads are up almost 100%.

An instance of the better business being done by the carriers is found in the report from London, Ont., that railway traffic in western Ontario is the heaviest in more than a decade. Railway employment in that area is also stated to be the best for about the same length of time.

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The upswing in general employment which has absorbed many people previously out of work, is now being supplemented by wage increases at a number of plants. These increases in some instances are attributed to the increased cost of living. But in certain cases other factors are at work.

For instance, in industries where employees are working under pressure to turn out materials to make up existing shortages, it has been felt that increases were desirable. Other concerns which have not been able previously to pay a higher wage are now finding revenues sufficient to be able to bring their wage scale up. Another element has been the desire to retain skilled workers who might be tempted to make a change. Employment is stated to be good particularly in the textile and metal working industries, and improvement has been most noticeable in those branches.

Instances of firms stepping up their scale of pay which have come to notice recently include York Knitting Mills, Dominion Woollens and Worsteds, Ferree Leather Goods Co., Dominion Textile Co., Consumers Cordage Co., General Foods Corp., Britannia Mining and Smelting. In some cases the higher wage scale is already in operation.

* * *

A recent development of importance has been the arrangement made by the British Government to take over Canada's exportable surplus of copper and lead and zinc. Value of the exports of these metals in 1938 was about $65 millions. The contracts not only mean an assured market for the base metal mines but employment for the company employees.

The net result of the various developments has been to increase confidence and the general turnover of money.

Business Indicators

Current business steady, with D. B. S. index of business activity for week ended Oct. 28 up slightly from previous week.

Carloadings for week ended Oct. 28, higher than year ago. Total for year to date up 2.7%.

Railway earnings for last 10 days of October show increase for C. N. R., decline for C. P. R. Cumulatives for year to date up 8.2% and 4.1% respectively.

Wholesale trade in September sharply above same month in 1938. Retail sales also higher.

Flour production in first nine months of year up 22.8% over 1938.

Foreign trade in September shows increases in both imports and exports over last year.

Sugar grindings for four weeks to Oct. 7 above year ago. Cumulative for year to date down fractionally.

Trend of business shown by The Financial Post Business Index and following key factors, new items for week being marked thus ▴.

	Oct. 28	Oct. 21	Oct. 14	Oct. 7	Oct. 29/38
Commodity prices	79.0	79.0	78.0	78.0	73.9
Weekly index	105.5	105.1	105.1	107.0	108.6
	Sept.	Aug.	July	June	Year Ago
Financial Post index	*122.6	121.0	119.8	118.8	112.6
Retail index no. of sales	▴87.4	81.8	83.7	85.0	80.8
Dept. store "	86.00	73.1	77.3	72.1	76.8
Wholesale "	▴141.7	102.6	92.1	99.3	106.7
Country (% change fr. last yr.)	+12.1	—2.2	—6.2	—7.7	—3.9
Employment D.B.S. Index—	Oct. 1	Sept. 1	Aug. 1	July 1	Year Ago
All industries	121.7	119.6	117.5	115.8	116.7
Manufacturing	119.7	115.3	112.8	111.3	*112.5
Wage earners No. (000)	....	....	2,461	2,419	2,378
Living costs	....	$17.02	$17.02	$16.93	$17.41

	1939	1938	Jan. 1 to date 1939	Jan. 1 to date 1938	% Change
Railways—					
Carloadings, week (Oct. 28)	▴59,903	57,933	2,081,394	2,025,089	+2.7
C.N.R. gross, week (Oct. 31) $	▴6,852,075	6,522,880	164,189,092	150,272,587	+9.2
C.P.R. gross, week (Oct. 31) $	▴5,021,000	5,591,000	122,111,000	117,280,000	+4.1
C.P.R. net revenue (Sept.) $	5,821,955	3,651,406	12,705,409	7,330,793	+73.3
C.N.R. net revenue (Sept.) $	6,304,642	2,661,439	6,652,354	•2,455,254	....
Iron and Steel (Sept.)—					
Pig iron production (tons)	65,954	49,972	487,982	554,845	—12.0
Steel ingots and castings prod. (tons)	124,384	73,556	937,693	911,005	+2.9
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Sept.)	4,947	3,831	68,821	75,434	—8.8
Factory output (Sept.)	3,494	4,290	79,642	88,728	—10.2
Trucks and Buses:					
Domestic sales* (Sept.)	1,808	1,879	19,847	22,129	—10.3
Factory output (Sept.)	427	1,799	30,644	34,978	—12.4
Exports (Sept.)	1,027	3,460	47,708	47,103	+1.2
Financing (Sept.):					
Used $	2,309,013	2,660,351	27,307,577	29,344,708	—6.9
New $	1,791,655	2,228,910	21,914,597	27,676,002	—20.8
Construction—					
Contracts awarded (Oct.) $	14,228,100	18,111,000	165,010,000	161,572,700	+2.1
Cement, bbls. (July)	735,984	645,839	2,731,602	2,818,057	—3.1
Agriculture—					
Flour prod., bbls. (Sept.)	▴1,927,102	1,639,231	11,237,113	9,182,119	+22.3
Flour exp., bbls. (Sept.)	416,553	319,739	3,422,504	2,540,325	+34.7
Wheat exp., bush. (Sept.)	15,641,142	12,614,858	91,008,092	51,912,891	+75.3
Cattle sales (Sept.)	74,378	73,396	552,846	544,377	+1.5
Hog sales (Sept.)	62,225	48,919	476,324	505,631	—5.8
Sea Fisheries: (September)‡					
Catch, cwts.	903,900	1,492,500	7,459,020	7,121,710	+4.7
Landed value $	1,887,500	2,535,300	13,779,480	14,631,510	—5.8
Newsprint (tons)—					
Production (Sept.)	253,230	231,940	2,058,899	1,914,660	+7.5
Exports (Sept.)	228,162	195,586	1,878,939	1,719,318	+9.2
Mining and Oils—					
Coal prod., tons (Aug.)	1,238,171	1,012,901	9,110,947	8,770,014	+3.8
Coal imports, tons (Aug.)	1,628,296	1,463,919	7,085,215	7,921,719	—10.5
Gold prod., fine oz. (Aug.)	▴449,207	416,317	3,381,717	3,056,072	+10.6
Nickel prod., lb. (Aug.)	20,123,078	16,573,105	150,085,845	143,157,462	+4.8
Copper prod., lb. (Aug.)	54,030,671	47,917,545	400,711,715	380,090,805	+5.4
Crude oil prod., bbls. (Aug.)	795,844	825,546	5,066,251	4,448,837	+13.8
Crude oil imp., bbls. (Aug.)	4,726,300	3,776,880	22,901,957	21,294,908	+7.5
Electric Power Output (Sept.)—					
Total monthly m.k.w.†	2,379,811	2,168,435	20,620,226	18,950,487	+8.8
Foreign Trade—♦					
Imports (September	$▴73,564,271	56,411,727	515,331,719	505,952,759	+1.8
Exports (September)	$▴82,456,582	73,109,154	644,040,089	602,736,537	+6.8
Other Industrial Factors—					
Dressed lumber exp.:					
M. bd. ft. (Sept.)	216,480	139,448	1,579,885	1,208,655	+30.7
Shoes, prod., pr. (Aug.)	2,453,069	2,178,202	15,536,833	14,751,827	+5.3
Cotton imports, lb. (Aug.)	5,580,000	8,265,000	68,563,000	79,959,000	—14.2
Raw rubber imp., lb. (Aug.)	4,553,281	4,104,744	42,266,678	35,465,371	+19.2
Cigarette cons. (Sept.) No.†	584,738	624,562	5,274,646	5,163,922	+2.1
Sugar manufactured, lb.§	▴101,604,562	96,562,843	662,803,108	663,679,817	—0.1
Finance—					
Bank debits (Sept.)† $	2,831,651	2,654,813	22,731,224	22,077,381	+2.9
Bond sales (Sept.)† $	50,646	54,997	1,031,397	832,642	+23.8
Life insurance (Sept.) $	37,117,000	27,928,000	290,462,000	280,841,000	+3.4

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Oct. 7, 1939. •Deficit.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final ♦Gold excluded.

New Building

Bata Shoe Co. of Canada has started construction at Frankford, Ont., of five-story plant, 180 x 280 feet, at estimated cost of $170,000; and has let contract for erection of 65 employee dwellings, mostly single bungalows. Six workers' houses have been completed since the company launched operations at Frankford, in a former paper mill being used as a temporary plant.

Royal Canadian Air Force station at Patricia Bay, Vancouver Island, is having runways drained, resurfaced and paved at total estimated cost of $240,000.

Quebec Dept. of Public Works is drafting plans for erection of $500,000 courthouse at Rouyn, Que.

Canadian National Railways plans early construction of wheel shop and coach shop buildings at Pointe St. Charles yards in Montreal.

Montreal City & District Savings Bank is building a branch bank building on Decarie Blvd., north of Queen Mary Rd., Montreal.

National Steel Car Corp. has started work on second addition to aircraft plant at Malton, near Toronto.

Canadian Industries Ltd. is extending its plant at Beloeil, Que.

Dominion Dept. of Public Works has awarded contract at $127,800 for erection of temporary office building (frame construction) on Wellington Street, Ottawa, for use of Government departments.

Bell Telephone Co. has awarded contract for the new Kitchener-Waterloo telephone building, cost of which is estimated at $100,000. Completion of the building and installation of dial switching apparatus is expected to be completed early in 1941.

Quebec Dept. of Public Works has initiated construction of $700,000 viaduct over the Jacques Cartier River on the Montreal-Quebec highway near Donnacona, Que.

London Life Insurance Co. has awarded contract for wrecking existing buildings on site of projected major extension to the company's headquarters building at London, Ont., plans for which are now being prepared by architects.

Reported by Engineering & Contract Record:

National Harbors Board has awarded contract for $150,000 cold storage unit at Halifax, N.S.

War Factors Hit Building

October Contract Total Slumps 21% Below Last Year

Expected effect of war in curtailing building activity in Canada was reflected in October returns of construction contracts awarded, as compiled by MacLean Building Reports.

It was the first definite sign that construction volume would be reduced by war restrictions and uncertainties, though perhaps not as severely or for as long a period as at the first part of the last war. September volume was almost level with the same month a year ago.

Industrial Building Up

Despite a big jump in total of industrial (factory) construction projects, the October figure for all types of contract awards was 21% below Oct., 1938, and 26.5% below September of this year. The level of residential construction, increase in which for some months past was extended into September, fell 10% last month under a year ago.

Business construction, which includes public buildings as well as commercial structures, slumped by more than half. There were substantial drops in the sub-totals for both public buildings and store construction. Restriction of general engineering work cut the engineering contract total by nearly 20%.

However, cumulative total of contracts for the first 10 months of this year remains slightly above last year's parallel figure. Chief factors in this are the cumulative net gains in residential building and industrial construction, as shown in the accompanying tabulation.

Current Trends Of Construction

Trends of construction activity in Canada last month and so far this year, broken down according to the chief categories of projects, are shown in the following tabulation by The Financial Post:

CONSTRUCTION CONTRACTS AWARDED

First Ten Months

	1939	1938	—Change— 1939	%
	—Millions of $—			
Residential	58.1	46.4	+11.7	+25
Business	49.1	55.5	—6.4	—11
Industrial	19.0	13.8	+5.2	+37
Engineering	38.3	45.8	—7.5	—16
Total	165.0	161.5	+3.5	+2
October Totals:				
Residential	4.6	5.1	—0.5	—10
Business	4.0	8.4	—4.4	—52
Industrial	2.9	1.2	+1.7	+141
Engineering	2.6	3.2	—0.6	—18
Total	14.2	18.1	—3.9	—21

Details of October Awards

	October 1939 $	October 1938 $
Apartments	584,200	551,000
Residences	4,064,000	4,606,000
Total residential	4,648,200	5,157,000
Churches	93,600	443,100
Pub. garages	497,200	502,700
Hospitals	340,800	959,700
Hotels, clubs	414,800	172,800
Office bldgs.	413,300	273,200
Public bldgs.	962,000	3,390,800
Schools	363,100	816,100
Stores	354,900	1,416,200
Theatres	56,500	110,000
Warehouses	568,500	365,400
Total business	4,064,700	8,450,000
Total industrial	2,939,600	1,241,100
Bridges	175,100	513,200
Dams, wharves	468,300	591,900
Sewers, watermains	350,600	182,000
Roads, streets	955,200	180,600
Genl. engineering	626,400	1,795,200
Total engineering	2,575,600	3,262,900
GRAND TOTAL	14,228,100	18,111,000

Cumulative Totals—Ten Months

Year	Total	Year	Total
1939	$165,010,000	1937	$198,576,800
1938	161,572,700	1936	142,628,800

Tobacco Combine Ruling is Awaited

Alberta Supreme Court Is Expected to Give Judgment This Month

From Our Own Correspondent

EDMONTON. — Alberta Supreme Court decision on the effort to quash "combine" charges against 44 defendant tobacco companies and jobbers is expected late in November. Mr. Justice Ewing reserved judgment after hearing argument by Lionel A. Forsyth, K.C., Montreal, on behalf of all defense counsel.

So far in the lengthy case, no pleas have been entered by defendants. Preliminary hearing of the charges was held in Edmonton last spring. After six weeks, during which 3,000 exhibits were admitted as evidence, Supreme Court trial was ordered on five charges, covering a period from Jan. 1, 1929, to Nov. 25, 1935.

Ask Specific Charges

Mr. Forsyth, arguing for quashing of the charges, told the court the charges must be specific, stating time and place of respective offences. He argued charges were too general, covering too long a period, to be proper charges under the criminal Code.

B.C. Seeks Wider Ban On Price Cuts

Plan to Curb "Loss Leaders" on Fruit, Meat

From Our Own Correspondent

VANCOUVER.—Efforts are being made in the British Columbia Legislature to amend the Food Products Minimum Loss Act of 1937 so as to include fresh fruits, meats and staple groceries.

It is claimed that the original Act specifies that no food product may be sold with less than 5% profit on the wholesale price, but it does not cover the grocery items nor articles covered by the Natural Products Marketing Act.

The result, it is said, is that British Columbia products, including fruit and meat, are being used as loss leaders, with consequent detrimental effect on provincial industries. Sponsors of the amendment claim that the present legislation is practically useless for that reason.

The only thing exempt from the new bill would be highly perishable goods which a merchant must move at any price. Even on these he would be prevented from advertising except within the store itself.

Keeping Posted

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

"Steps Going Down" is the title of a prize-winning novel. "Steps Going Up" could be the title of the story of T. A. Ryan of Vancouver. The story of "Tony" Ryan, as told in the October issue of Bus and Truck Transport in Canada, is one worth being made into a leaflet for distribution in schools.

Seventeen years ago Tony Ryan was a messenger. Then became time dispatcher for Canadian National Telegraphs, and for eight years he handled a crew of 100 boys. Then he went to the B. C. District Telegraph with a crew of 50 boys, and was dispatcher there for four years. Finally Tony went into business on his own account, with the aid of a motorcycle. From this small start grew "Vancouver's Fastest Messenger Service," which is the slogan of Mr. Ryan's business. Today his service operates three trucks, three motorcycles and 18 bicycles, and has a crew of 25 men and boys.

* * *

Man of Vision

Industry has its seers, not very many, perhaps, but men of vision just the same. One of them is Charles F. Kettering, general manager of the research laboratories division, General Motors Corp. His contribution to the Nov. 1 issue of Maclean's Magazine was a tonic. For example:

"I want to get a glimpse of what we are going to consider a state of well-being next year, five, ten, twenty years from now. Believing in the philosophy that the true function of man is to make straight the way that Nature makes jagged and uneven, I want to get more of an idea of the direction in which progress is tending."

Mr. Kettering is a magnificent optimist. Always looking sunward, he sees no shadows. He has advanced views, as witness these:

"If society is to advance, the obsolescence factor must be better understood. In this one great task of creating sufficient work to give every person a chance to trade labor for a living we must speed up obsolescence; we must indoctrinate ourselves with the belief that no article should be kept off the scrap heap longer than it takes to provide a better article. This is not waste. Waste comes when we cling too long to the old things—such as outmoded buildings."

* * *

Aluminum in Buses

In an advertisement of the Aluminum Co. of Canada appearing in Bus & Truck Transport in Canada is shown a bus of the Clark Transportation Co., a western Canada concern. Of this bus the advertisement says: "The body builders used 640 lb. of aluminum in this 28-passenger bus—saving 1,004 lb. over other commonly used materials." Aluminum in bus construction is used in the form of sheets, rods, panels, engine castings, pistons, cylinder heads.

Laymen like myself are likely to be surprised by the fact that there is well over a quarter of a ton of aluminum found in a bus body.

* * *

Libraries For Employees

In every business establishment there ought to be a lending library, maintained by the management, and kept freshened by the addition of new books as they appear, for the use of the staff—books dealing with the kind of business carried on and books on salesmanship. Staff should be required to read these books, and even quizzed on them, to make sure that the books are rightly read.

One of the books which should be in such a library is: "Salesmanship for Today for Sales Managers of Tomorrow," by David R. Osborne, sales training director of the Studebaker Corp. (Harper & Brothers).

* * *

Understood the British

H. Gordon Selfridge, who founded Selfridge's department store in London, Eng., about 30 years ago, is retiring at the age of 73. His son, 36, succeeds him.

I recall well when Mr. Selfridge arrived in London from the United States to open his store, which was built remote from London's chief shopping centre. Most persons declared that he would be ruined speedily—that he was making one mistake after another.

It is interesting to record that the Selfridge store's architectural design, of classical aspect, was submitted for acceptance by a young man who was a stranger to Mr. Selfridge and who disappeared from Mr. Selfridge's sight and ken after he was paid for his labor.

* * *

Eased Sales Pressure

Mr. Selfridge, an American and a former Marshall Field partner, was not supposed to know British psychology. Yet he knew it better than Harrod's and Whiteley's and John Barker's, and all the rest of the old-established drapery houses of England. He invited the public to visit his store in their multitudes and assured them that no attendant or sales person would speak to any visitor until he or she indicated that attention or service was wanted. This was sacrilege in the eyes of London store managements.

Mr. Selfridge taught all competitive London stores the power of newspaper advertising, yet none ever caught up to him in either the use or the understanding of advertising as applied to retail business.

Brilliant success attended Mr. Selfridge's enterprise from the beginning. He became more British than the British themselves. At the time of the Jubilee of King George V, and again at coronation of King George VI, the Selfridge store surpassed all others in the matter of decoration.

Lumbermen Face Shortage of Ships

B. C. Exports Curtailed by Lack of Vessels

From Our Own Correspondent

VANCOUVER. — Although it is expected that removal of the embargo on munitions shipments from the United States will intensify the need for ships on the Atlantic coast, British Columbia lumber exporters are hopeful that sufficient tonnage will be found for transporting the huge orders placed here by the British Government.

H. R. MacMillan, dominant figure in the lumber industry here, said that during the past two months 75 cargo ships were required to move the lumber booked for that period, but only ten vessels had been made available.

Few Ships Available

Within the past few days there has been some relief and several ships have appeared to load lumber, but the demand is still far in excess of the supply. C. H. Grinnell, head of Seaboard Shipping Company, representing many of the largest export sawmills, says that only about 15% of the ships required have been posted.

One view is that when shipping out of the St. Lawrence is closed by ice conditions there will be a welcome diversion of ships to the Pacific northwest. On the other hand, some exporters fear that even more tonnage than required by the St. Lawrence trade has been held at other Atlantic points in preparation for the removal of the American embargo on arms shipments.

Though lumber is fast piling up in yards throughout B. C., there has so far been no curtailment of cut and no mills have closed.

Results Achieved in Drive For Ban on Used Plumbing

Following up the campaign to curb importation of used plumbing and heating fixtures, renewed effort has been made to induce Dominion authorities to restrict importations and a by-law has been passed in Windsor, Ont., banning use of such materials in new buildings.

The by-law at Windsor, where considerable of the importation occurred, was inspired largely by the campaign against second-hand plumbing launched by Sanitary Engineer, leading trade journal of the industry. The measure prohibits installation of used fixtures in new construction, and any second-hand materials used in repair or modernization work must be inspected and approved by city authorities. The by-law has been ratified by the Ontario department of health.

The Canadian Institute of Plumbing & Heating has proposed to the Government that it curb importations by withholding foreign exchange certificates for such imports, and by raising the customs valuation on used fixtures. At present the customs valuation ranges from 60 to 80% of the value of equivalent new units.

SUGGESTIONS FOR INVESTMENT

The personal requirements of the individual in investment matters constitute an important feature of our investment service. This service is available without obligation at any of our offices:

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

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MONTREAL
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OUR POLICY

Our policy is simply to protect our client's interests.

The experience and the enduring nature of a trust company enables us to carry out this purpose.

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61 YONGE STREET, TORONTO
Toronto Office:
J. F. HOBKIRK, Manager

MONTREAL TRUST COMPANY
YOUR PROTECTION

New 1940 CHEVROLET
Talk about Beauty -
Here's the "BIGGEST EYEFUL" in the whole low-price field!
Eye it
Try it
Buy it

Totally new and different from stem to stern—new inside, new outside—that's the style story of this big, streamlined *beauty leader* of the low-price field—Chevrolet for 1940! It has a new "front end," of course—the swankiest in the field for '40—and it also has a *new profile,* a *new windshield and roof line,* a *new rear end,* and new *fittings* and *fabrics* and *instruments,* too. It's new all the way through—the smartest car a low price ever bought!

Drive the new Chevrolet for 1940 and learn what *handling ease, riding ease* and *car action* can be! You know Chevrolet is the only low-priced car with the *Exclusive Vacuum-Power Shift*—with a *Valve-in-Head Engine*—with *"The Ride Royal,"*★ But you can't know what these features mean in terms of matchless results until you actually drive and ride in the car. *Try* Chevrolet for 1940, test it thoroughly, and then you will *know* that "Chevrolet's FIRST Again!"

ONLY CHEVROLET HAS ALL THESE QUALITY FEATURES

NEW "ROYAL CLIPPER" STYLING • BIGGER INSIDE AND OUTSIDE • NEW FULL-VISION BODIES BY FISHER • NEW EXCLUSIVE VACUUM-POWER SHIFT • "THE RIDE ROYAL"—Chevrolet's Perfected Knee-Action Riding System★ • SUPER-SILENT VALVE-IN-HEAD ENGINE • PERFECTED HYDRAULIC BRAKES • ALL-SILENT SYNCRO-MESH TRANSMISSION • NEW SEALED BEAM HEADLIGHTS WITH SEPARATE PARKING LIGHTS • LARGER TIPTOE-MATIC CLUTCH • IMPROVED SHOCKPROOF STEERING★ • HIGH QUALITY SAFETY GLASS ALL AROUND • NEW SAFE-T-LOCK HOOD • Chevrolet has more than 175 important modern features.

★On Special De Luxe Series.

Insurance

Growing Demand Met By Disability Insurance

Premium and Benefit Payments on Accident and Sickness Policies Show Increases — Compensation for Lost Time Available

Relatively few of the accidents occurring daily have fatal results. But in many cases they involve considerable suffering and inconvenience and financial setbacks.

Medical and hospital fees often have to be paid and in themselves are quite a burden to the injured party. On top of this the victim of the accident sometimes loses pay for the period that he is away from work.

If the accident is not such as to prevent a person doing his daily job, no expenses other than the medical fees have to be met. But often much more than this is entailed. X-rays may be required. Advice of high priced specialists may be needed as well as anaesthetics and long weeks in hospital or at home under the care of a trained nurse.

Loss of Income

Loss of income depends on the nature of a man's calling. The professional man during the period of inaction not only loses his fees, but stands in danger of losing many of his customers who, finding his services unavailable, make other connections which sometimes become permanent. In any case, income is cut off for the time being.

Men working on commission such as salesmen are likely to be affected the same way. Salaried people and wage earners find themselves, if disabled, dependent on the generosity of their employers.

Contracts Available

There are a number of insurance policies on the market designed to take care of either accidents or sickness.

These vary in cost according to the benefits they offer. Policies offering reimbursement for accident only, sickness only or both accident and sickness are available in varying amounts.

The benefits offered under the different contracts cover not only allowances for doctors and nursing fees, but also for hospital expenses, X-rays, and costs of an operation if that is necessary; and reimbursement for time lost over a stated period.

Also included is payment of a lump sum in event of death or the loss of one or both hands, one or both feet or one or both eyes.

Allowances for disability due to accident or sickness usually start at $12 a week and go higher according to the terms of the contracts and the premiums paid.

Official figures show that the demand for these classes of insurance in Canada is growing.

In 1938 premiums paid for personal accident insurance amounted to $3.3 millions and payments to policyholders to $1.3 million.

Accident and sickness premiums were $2.8 millions and benefits, $1.6 million.

Sickness insurance premiums total $1.5 million and benefits paid $961,826. In all cases figures were above those of the previous year.

Monarch Life Supervisor

R. M. Marven has been appointed city supervisor for the Monarch Life Assurance Co. at London, Ont. Mr. Marven has been prominent in production circles since he entered the life insurance business. He is a member of the Honor Club and has been a consistent App a Week producer for the past 75 weeks.

The same high quality as our INVINCIBLE & CORONA, except as to size!
BELMONT

B&H
Belmont
Perfectos
A BENSON & HEDGES
Value
10¢
Also Blunts & Panetelas

THE
WAWANESA
Mutual Insurance Co.
— ORGANIZED IN 1896 —
Assets $2,234,188.78
Surplus .. 1,057,853.38
Dom. Govt.
Deposit .. 711,560.00
INSIST ON SECURITY — Then place your insurance on the basis of Broad Coverage and Favorable Rate — and save money on your Fire Premiums.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

FIDELITY
Insurance Company
of Canada
TORONTO

THE
MONARCH
LIFE ASSURANCE COMPANY
ESTABLISHED 1906
A STRONG PROGRESSIVE COMPANY
OFFICES FROM COAST TO COAST

Insure With
The EXCELSIOR LIFE
A STRONG CANADIAN COMPANY
Head Office — TORONTO

THE
Dominion of Canada
GENERAL
Insurance Company
Established 1887
Fire Casualty Life

Crown Life Progress reflects Public Approval
CROWN LIFE
INSURANCE COMPANY
Established 1900
Home Office Toronto

NEW MANAGER

Appointment of R. S. Anderson as manager of the Toronto office of Trusts and Guarantee Co. has been announced by C. S. Hamilton, president and general manager. Mr. Anderson has been treasurer of the company since 1929 and has been on the company's staff since 1907.

Insurance Notes

During the past year, 65 meetings of the advisory board of the Ontario Department of Insurance were held. Some 662 applications for licenses were heard of which 535 were granted, according to a statement recently made by A. W. Rogers, chief agency officer of the province. Of the remainder, nine were withdrawn by the applicant or the recommending company, and 118 declined. During the year 66 agencies were also terminated by the recommending companies, resulting in the automatic suspension of the licenses of the agents concerned. Thus during the year, 253 persons were denied the right to enter or continue in the business of insurance as agents. In the current license term, T. L. Flahiff, solicitor in the Attorney-General's Department will act as chairman of the advisory board.

* * *

Directors and shareholders of the London Life Insurance Co. have purchased for the University of Western Ontario, the meteorite which fell in the western part of the province last July. The money involved was quite independent of the policyholders' funds. The Smithsonian Institute and some other scientific bodies showed an interest in the purchase of the meteorite. But although some of the other bids were higher than that of the London Life, the owner accepted it, because he felt the unique exhibit should be kept in Ontario.

* * *

At the first general meeting of the Graduate Society of Winnipeg composed of insurance employees who have completed the three-year course in the fire and casualty insurance, of the Insurance Institute of Winnipeg, J. A. Dowler, secretary of the Canadian Fire Insurance Co., expressed the opinion that the insurance business was due for an increase owing to advances in prices and heavier stocks that would be carried, etc. He warned, however, that there were many unpredictable features liable to occur which might upset calculations.

Officers were appointed for the coming year as follows: President, John Jack, London & Lancashire; vice-president, D. H. Wright, Caledonian; secretary-treasurer, Donald Holland, Western Canada Insurance Underwriters Association; executive, L. S. Watson, Canadian Indemnity; G. C. Barker, General Accident of Canada; Jack Wallace, Union of Canton; A. E. Norris, Caledonian.

* * *

Lumbermen's Mutual Casualty Co. recently extended its Dominion license to include steam boiler and machinery insurance in Canada. The new department will be in charge of E. F. Aldridge. Mr. Aldridge was formerly with the General Accident Assurance Co. of Canada as chief inspector and assistant manager of their engineering department. He is a member of the American Society of Mechanical Engineers and the Association of Professional Engineers. Business of the Lumbermen's Mutual in Canada in the first nine months of 1939, it is stated shows an increase of 28% over 1938. Assets of the company on Jan. 1 last were over $34 millions, with policyholders surplus over $4.6 millions. Deposits with the receiver general at Ottawa for the protection of Canadian policyholders have an accepted value of $447,000. Vance C. Smith is manager for Canada.

* * *

F. E. Dufty, manager for Canada of the Yorkshire Insurance Co. has been visiting the western interests of the Yorkshire, through to Victoria.

Monthly Bank Clearings

	October 1939 $	October 1938 $
Halifax	11,271,254	10,945,535
Saint John	8,056,205	7,334,448
Moncton	3,559,871	3,783,294
Sherbrooke	3,536,036	3,276,289
Quebec	22,896,249	22,213,994
Brantford	4,184,123	4,758,634
Montreal	409,885,743	485,566,215
Ottawa	100,817,259	93,108,920
Peterborough	2,900,946	2,737,000
Toronto	456,897,579	501,437,855
Hamilton	26,727,074	22,927,673
Kitchener	5,225,503	4,858,727
London	11,804,706	11,235,020
Sarnia	1,881,132	2,026,383
Sudbury	4,705,856	4,564,449
Fort William	3,371,879	3,435,114
Winnipeg	314,003,007	256,521,456
Brandon	2,050,079	1,815,292
Moose Jaw	3,805,990	3,522,488
Saskatoon	9,251,710	1,657,031
Prince Albert	2,119,221	1,657,031
Calgary	41,426,806	53,989,223
Lethbridge	3,311,476	3,523,572
Medicine Hat	1,944,528	1,873,986
New Westminster	2,963,191	2,787,263
Vancouver	77,206,059	81,649,839
Victoria	7,754,911	7,622,777

Banking

Moderate Gain Likely In Profits Of Banks

Estimate of Imperial's Position Indicates Higher Revenues from Loans and Investments — Higher Savings Deposits Mean Higher Interest

Annual statements of the Canadian chartered banks, which will be making their appearance soon, should show earnings at least equal to and probably a little better than those of the preceding year, if an estimate made by The Financial Post of the experience of the Imperial Bank is any criterion.

For many years the Imperial has been the first bank to issue its annual report and its showing is always anticipated, as giving an indication of what may be expected from the other banks. Imperial's year ended on Oct. 31 and the report is usually issued about the time of the annual meeting which takes place this year on Nov. 22. Three other Canadian banks in which there is public investment also close their year now on October 31, The Bank of Montreal, The Canadian Bank of Commerce and the Dominion Bank. Their reports come out later.

Revenues

Revenue of the banks depends on two main factors, interest from current and call loans and loans to the provinces and municipalities, and income from investments. In recent years, a third factor has been added, the charges for services such as cashing cheques, etc., which were formerly rendered free.

In the past season the total for all banks of current or commercial loans, which are the big item have been uniformly higher. Call loans have been lower while loans to the provinces and municipalities during the greater part of the year were above the previous year.

During Sept., 1939, however, loans to municipalities and provinces both showed a decline from a year ago.

The monthly statements show that the experience of the Imperial Bank has been pretty well in line with that of the others.

In the 11 months to Sept. 30, current loans of the Imperial averaged $55.8 millions, or $1.7 million above last year. Call loans averaged $5.1 millions down $0.7 million. Loans to the provinces at $4.2 millions were down $1.9 million and to municipalities at $7.3 millions up $200,000. Investments averaging $66.1 millions were $8.9 millions above the average for the preceding 11 months.

With interest rates during the greater part of the period showing little change from the previous year, it is evident that earnings on the larger amount invested and out on loan should be higher.

Expenditures

But against this income must be set expenditures. Two big items in this connection are the interest paid on savings deposits, and overhead expenses for salaries, rents, fuel, lighting and such items.

Overhead expenses should be much the same as in the previous year. Interest charges, however, may possibly be higher, owing to increased deposits.

In the case of the Imperial Bank, average savings deposits during the 11 months were $94.7 millions against an average of $89 millions in the previous year.

The rate of interest paid on savings deposits was unchanged at 1½%. On the other hand the method of computing interest charges was changed. Early in 1939 the banks announced that interest on savings accounts would be computed on the minimum quarterly balance instead of the minimum monthly balance as formerly.

The way this works now is that if the depositor has $10,000 in his account for two months, but draws $8,000 of it out in the third month of the quarter he is paid interest for the quarter on the remaining $2,000. While the savings resulting from this change are quite substantial it would appear likely that total interest charges will be higher.

Note circulation on Sept. 30 compared with a year ago was $260,000 lower.

Changes in September

A comparison of the returns to the minister of finance for August and September shows the extent to which conditions changed during the latter month after the outbreak of war and when the movement of the western crop began to make itself felt. During September, current loans of the Imperial rose to $63.4 millions up $5.8 millions from Aug. 31 and $7.8 millions above the average for the 11 months.

Call loans at $4.7 millions were down less than $100,000 from the month before, and about $400,000 under the 11 month average.

Investments at $70.1 millions were up $6.6 millions from Aug. 31, and $4 millions above the 11-months average.

Savings deposits were $95.5 millions down $600,000 from Aug. 31 but $800,000 above the average of the past 11 months.

Compared with Sept., 1938, the following changes are shown:

Current loans up $6.2 millions.
Call loans down $300,000.
Investments up $12.7 millions.
Savings deposits up $4.6 millions.

Earnings Record

The Imperial Bank shows the following earnings record per share:

1938	$13.73	1935	$13.73
1937	13.83	1934	14.49
1936	13.75	1933	14.09

Dividend rate since 1933 has been 10%, scaled down gradually from 13% paid from 1920 to 1930.

Banks Doing Better

All banks as well as the Imperial, it is understood, are enjoying much better business recently. The two big factors have been the large wheat crop and the inventory buying by merchants and manufacturers resulting from the war.

Taxation, however, remains a big item. One bank executive in conversation recently with The Financial Post pointed out that while assets, gross earnings and other items had shown increase in recent years, in many cases net profits were much about the same, owing to the heavy tax burdens.

Weekly Statement Bank of Canada

An increase of $5.7 millions in holdings of short-term government issues and a reduction of about $500,000 in long-term issues, in the statement of the Bank of Canada for the week ended Nov. 1, indicate a continuation of the trend toward the former class of investment. Reserves of sterling and United States currency were down about $4 millions probably reflecting operations of the Foreign Exchange Control Board. This was offset by an increase of $4 millions in the item, all other assets, composed largely of bills of exchange.

Balance Sheet

	Nov. 1 1939 $	Oct. 25 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	225,268,770	226,330,701
Rest fund	1,903,515	1,903,515
Depos.: Dom.	38,975,560	36,145,868
Banks	230,249,001	231,418,822
Other	19,110,844	17,093,764
Total deposits	288,335,405	284,658,454
All other liabs.	10,424,883	6,953,949
Total liabs.	530,932,573	524,846,619
Assets		
Reserve: Gold	225,674,987	225,674,987
Res. in sterling and U. S.	46,563,540	50,743,101
Other curr.	1,609	1,870
Total reserve	272,240,136	276,419,958
Subsidiary coin	196,252	172,565
Advances	1,000,000	1,000,000
Investments:		
Dom. govt. short	190,927,679	185,212,861
Other Dom. govt.	55,111,862	55,643,719
Total invest.	246,039,541	240,856,580
Premises	1,664,285	1,662,756
All other assets	9,792,359	4,734,760
	530,932,573	524,846,619
Reserve ratio	58.00%	54.09%

Weekly Bank Clearings

	Nov. 2 1939 $	Change Year Ago %	Oct. 26 1939 $
Halifax	2,877,611	—6.3	2,528,516
Saint John	1,859,494	—7.3	1,742,955
Moncton	837,088	—14.3	866,150
Sherbrooke	645,289	—4.9	804,057
Quebec	4,836,380	—24.8	4,764,689
Montreal	102,730,065	—26.1	85,469,615
Ottawa	21,147,777	—6.6	22,757,957
Kingston	637,362	—6.7	664,601
Peterborough	704,997	+4.9	575,246
Toronto	145,543,451	—9.6	108,034,711
Hamilton	7,389,982	+27.0	6,778,708
Kitchener	1,497,554	+15.3	1,063,095
Brantford	993,608	—3.0	852,430
Chatham	641,168	—1.0	586,304
London	2,875,844	+3.1	2,513,616
Windsor	2,759,769	+0.9	2,538,673
Sarnia	435,807	—9.5	401,330
Sudbury	1,136,343	+1.9	1,127,949
Fort William	926,285	+11.2	758,652
Winnipeg	71,509,621	+15.4	65,713,843
Brandon	418,966	—26.5	411,182
Regina	8,274,602	+24.7	8,424,022
Moose Jaw	894,600	+4.4	764,207
Saskatoon	2,009,441	+13.5	......
Prince Albert	457,295	+16.5	477,679
Edmonton	4,900,660	+8.1	4,879,642
Calgary	7,901,561	—21.4	9,042,343
Lethbridge	747,823	—2.0	670,456
Medicine Hat	351,750	—15.0	434,538
N. W'minster	721,765	+28.4	663,999
Vancouver	20,942,634	+0.1	18,144,812
Victoria	1,725,706	—8.5	1,702,339

Bankers Association Aids in War Financing

Annual meeting of the Canadian Bankers Association at Montreal this week spotlights the fact that 25 years ago the Association and its members, the Canadian chartered banks, were facing a similar situation to that of today—a war of major proportions.

The banks themselves, however, were in a somewhat different position, as was the country as a whole.

Then Canada was experiencing a business reaction which had been in evidence for some months. A relatively small crop was being harvested in the West. The country as a whole and its financial institutions, such as the banks, were without experience and unprepared for the burdens which a great war would impose on them. The number of banks was 24 against 10 today.

In September when war broke out this time, the country was emerging from a business recession, a larger than usual crop had been harvested, industry was prepared not only to meet the strain of war but to get quickly into production of war materials. The public knows that war does not mean business chaos. The banks with the experience of the previous war regard the problems of war finance with confidence.

In 1914 when the war broke out there was a great demand by the general public for gold. Heavy runs on the bank eventually led the Minister of Finance to have an order-in-council passed, making the notes of the chartered banks legal tender and not redeemable in gold.

On this occasion, the banks, through their Association, have already played a part in financing government expenditures by lending the Government $200 millions a few weeks ago.

The banks through their Association have also accepted the responsibilities as authorized agents of the Foreign Exchange Control Board and have been co-operating with the board from the start.

From Montreal To Toronto

Officers of the Association are elected for two years at a time and the office and permanent staff of the association are always located in the home city of the president. As five of the banks have their general managers located in Montreal and five in Toronto, the office of president and the location of the permanent staff changes every two years, from one city to the other. The president, elected for one year, is usually given a second term. This year sees the end of the second year as president of the association of S. G. Dobson, general manager of the Royal Bank of Canada.

H. F. Patterson, general manager of the Bank of Nova Scotia, and senior vice-president of the Association for the past two years, heads the slate of new officers as successor to the presidency.

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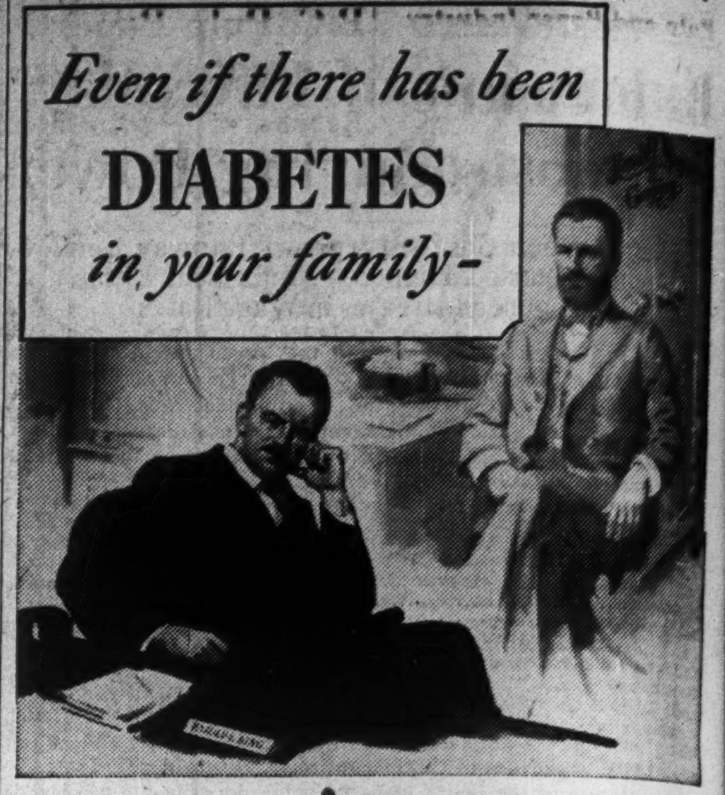

THERE is no cause for undue alarm even though your mother or father did have diabetes. Unless the disease occurred in both of your parents' families, you probably are not predisposed to it. Nor is it inevitable that a person with such a diabetic heredity will develop an active case of the disease. In fact, by taking certain precautions he may avoid it.

Among predisposed persons diabetes is more likely to appear in those who are stout. Anyone who knows or suspects the occurrence of diabetes in his family history should be especially careful to avoid overweight. The extensive records of one physician show that only 5% of his adult diabetic patients were underweight before they developed the disease.

Early discovery is another protection against the dangers of diabetes, because in the beginning many cases are mild and not difficult to control. Physicians usually advise anyone with diabetes in the family to have periodic health examinations, including a urinalysis and a blood sugar test.

The outlook today is extremely hopeful for the person who develops diabetes. Treatment is based, in part, upon a simple diet of common foods which is prescribed by a physician. The modern diabetic diet is planned to keep the patient at, or slightly below, the normal weight for his age and height. In addition, insulin is usually required to supply what the body lacks. This combination has happily done away with the old-time starvation diet.

The slower action type of insulin called protamine zinc insulin is widely used today in treating diabetes. This brings many patients one step closer to normal living because it is usually taken only once a day.

Today diabetes can be controlled if full use of modern medical knowledge is made in time and patients cooperate with the physician during treatment.

The Metropolitan free booklet "Diabetes" discusses some of the ways to guard against the disease, describes its signs and causes and the modern type of diabetic diet. A copy is available upon request. Address Booklet Department 11-F-39, Canadian Head Office, Ottawa.

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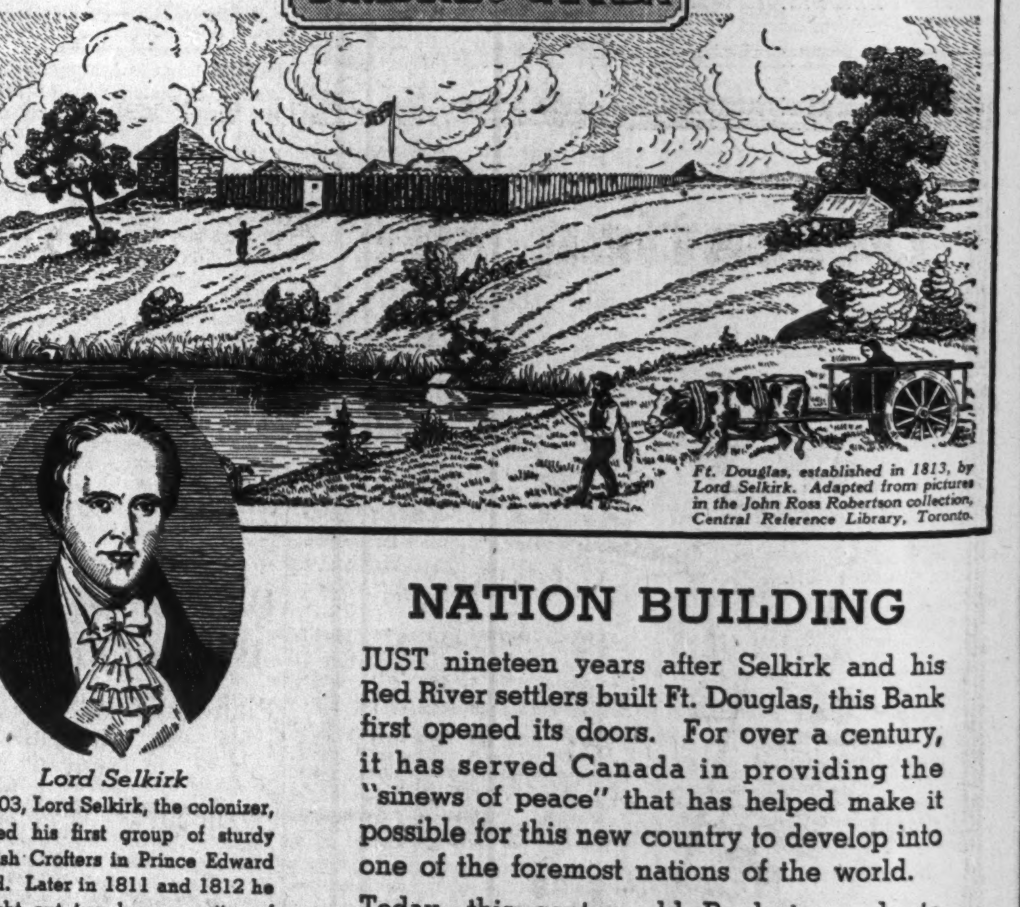
BUILDERS of CANADA



Ft. Douglas, established in 1813, by Lord Selkirk. Adapted from pictures in the John Ross Robertson collection, Central Reference Library, Toronto.

Lord Selkirk

In 1803, Lord Selkirk, the colonizer, planted his first group of sturdy Scottish Crofters in Prince Edward Island. Later in 1811 and 1812 he brought out two larger parties of colonists and established them in the valleys of the Red and Assiniboine Rivers. Ft. Douglas, pictured above, was built by him in 1813 near the present site of Winnipeg, as their headquarters.

NATION BUILDING
JUST nineteen years after Selkirk and his Red River settlers built Ft. Douglas, this Bank first opened its doors. For over a century, it has served Canada in providing the "sinews of peace" that has helped make it possible for this new country to develop into one of the foremost nations of the world.
Today, this century-old Bank is ready to co-operate with forward-looking business men and welcomes their inquiries.
Coast to Coast in Canada
NEWFOUNDLAND, JAMAICA, CUBA, PUERTO RICO, DOMINICAN REPUBLIC, NEW YORK, CHICAGO, BOSTON, LONDON, ENGLAND.
The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING EXPERIENCE

Pulp and Paper Industry

Bath. Paper's Plants Active

Capacity Operations Are Likely for Some Time, Says President

From Our Own Correspondent

MONTREAL.—Bathurst Power & Paper Co.'s plant is working at full capacity and orders on hand indicate that this condition will continue for some time to come, according to R. L. Weldon, president of the company. The company has a capacity of 40,000 tons per annum of kraft liner board and 24,000 tons of cylinder board. In addition, the newsprint division, with a capacity of 24,000 tons annually, is also sharing in the general improvement.

He further stated the company stands to benefit substantially from the increase of 11% in the price of kraft liner and corrugated board, which increase became effective on Nov. 1.

Plant Improvements

In regard to the company's programme of improvements, involving an outlay of $400,000, Mr. Weldon states that this work will bring about further plant efficiency and some expansion of production.

Improvements include replacement of four kraft digesters, a recovery furnace for the kraft mill, together with necessary evaporators and auxiliary equipment. A greater chemical recovery and reduced operating costs will be effected when this programme is completed.

Kelly Resigns Post With Bathurst Paper

From Our Own Correspondent

MONTREAL.—Raymond Kelly has resigned as vice-president in charge of sales of Bathurst Power & Paper Co. to establish his own sales agency in New York. His resignation becomes effective at the end of this year.

Mr. Kelly will conduct a general sales agency for paper and paper products and, among other lines, will represent Bathurst for the sale of newsprint in the United States.

B.C. Pulp-Paper Industry Gains

Renewal of Demand from Japan Brings Encouragement

From Our Own Correspondent

VANCOUVER.—War and the resultant removal of Scandinavian and German competition, has had an immediate effect on British Columbia's pulp and paper industry. Production has been steadily mounting, and the fact that neutral ships are available for loading to many of the more distant markets has placed the industry in a much better position, relatively, than the lumber trade, dependent on British tonnage for shipments to the United Kingdom.

Powell River Co. and Pacific Mills, the two major newsprint producers, are now operating at about 80% capacity on a six-day week basis. Until a few days ago they were on a five-day operation.

B.C. Pulp & Paper Co. has both its mills at full capacity, shipping to the Orient as well as to the British Isles and elsewhere. The company recently obtained an order for 3,500 tons of bleached sulphite for Japan, and more are expected early next year.

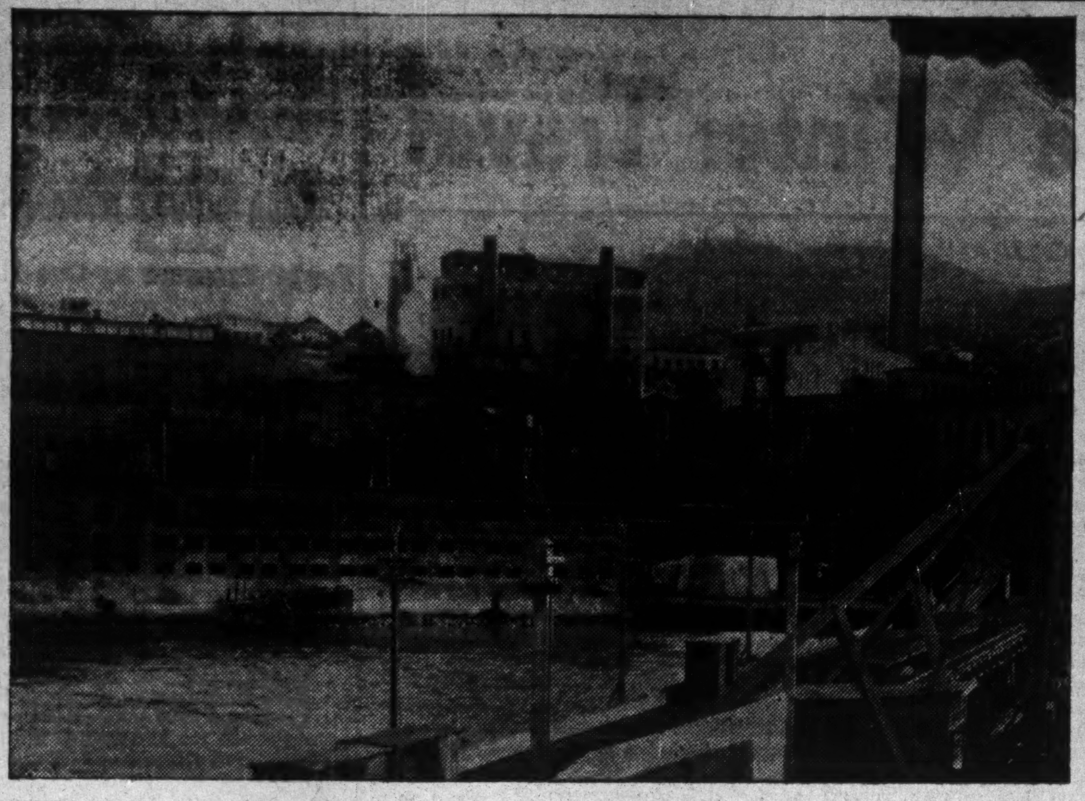
Enquiries from Japan for newsprint have been a significant development in B.C.'s paper trade recently. While no actual business has been placed, the renewal of interest by a customer which not long ago accounted for a large proportion of the coast mills' export trade, is regarded as encouraging.

Europe Supplies U.S. With Paper

From Our Own Correspondent

MONTREAL.—War or no war, the flow of newsprint paper from the Scandinavian countries to the United States is being maintained. During September, 28,670 tons were imported from Europe. This compares with 31,283 tons in August and 19,045 tons in September of 1938.

For the first nine months of 1939 European imports totalled 247,650 tons, an increase of 73,997 tons over the like period of 1938.



STEPS UP PRODUCTION

This pulp and paper mill, operated by Powell River Co. at Powell River, B.C., will operate six days a week during November, reflecting what is officially said to be normal, seasonal gain in business. Previously the plant had been operating five days a week.

Newsprint Securities

Lake St. John 5's of '61

Stronger Position of Hearst Account and Better Paper Demand

From Our Own Correspondent

MONTREAL. — Lake St. John Power and Paper Co. has shared in the general improvement experienced by the newsprint industry and for this year will show its debenture interest earned by a fair margin.

The investor interested in newsprint securities but not wishing to take on the more speculative issues might give consideration to this company's debentures. They are not only selling at a discount, but have an accumulation of earnings equal to one year's interest to apply against the debentures. Currently they are selling at from 67 to 70.

Medium-sized Operator

Lake St. John is one of the medium-sized newsprint producers. It also has a surplus of sulphite pulp to sell on the open market. Some years ago it signed a contract to sell its entire output to the Hearst chain of newspapers. This contract has not proved as valuable as originally believed and because of lower deliveries to Hearst and consequent shrinkage of earnings it was necessary for the company to go through a reorganization in 1936.

The company still has its Hearst contract, but it is not wholly dependent upon it for the reason that arrangements were made some time ago whereby other operators took over part of the contract, permitting Lake St. John to accept other tonnage. This diversification of sales has been a strengthening factor which, on top of increased deliveries to Hearst, has enabled the company to make a comparatively good showing.

At present Lake St. John has a capital set-up comprising $5,652,600 of 5½% first mortgage bonds; $3,527,500 of 5% debentures; $1,800,000 of 6% non-cumulative preferred and 100,000 shares of common. All of the preferred and a majority of the common are owned by St. Lawrence Paper Mills and about 25% of the common by St. Lawrence Corp.

Position of Debentures

Thus the only securities ranking ahead of the debentures are the first mortgage bonds. As for the debentures, the reorganization plan provided that both principal and interest are payable in Canadian funds only. Interest up to December, 1941, is payable only out of net income after depreciation and depletion and as long as such payment does not reduce net working capital below $1,000,000. Any part of the net income, not paid, is carried forward. After 1941 interest becomes a fixed charge.

The debentures were issued and dated July 1, 1936. For the last half of that year the company paid full interest as it did also in 1937. No payment was made in 1938. While interest was not fully earned, there were sufficient earnings available from previous year to make up difference, consequently full 5% became a cumulative charge. Payment was not made because of the relatively unsatisfactory position of accounts receivable, due to credit extended to Hearst and the need for protecting net working capital.

Trend of Earnings

The trend of earnings as relating to debenture interest since the reorganization is shown in the following table:

Times Debenture Interest Earned

	Before Deprec.	After Deprec.
1936	3.59	1.86
1937	3.91	2.36
1938	1.54	0.75

Working capital position during the same period compares as follows:

	Net Working Capital
1935	1,308,665
1936	1,525,951
1937	1,617,532
1938	1,781,282

Charges Are Not Heavy

Lake St. John needs to earn only $176,375 to cover the annual interest charges on its debentures. Further, a net operating income of around $700,000 would cover all charges, including depreciation, depletion and interest on the debentures. Last year the company had net earnings of $582,121. As previously mentioned the figure should be appreciably higher for 1939.

Hearst Situation Improves

On the point of earnings there appears to be no reason why interest on the debentures should not be covered in 1939. As for accounts receivable, the situation has undergone an improvement.

At the end of last year Hearst owed Lake St. John $1,286,758. This sum was represented by $1,122,288 in notes and $164,470 by open account.

Since October deliveries to Hearst have been on a cash basis. The indebtedness of Hearst to the company has not grown over the year to any appreciable extent, so that directors of Lake St. John will not have to give undue consideration to accounts receivable when a decision has to be made next spring on payment of interest on the debentures.

While there has been no official intimation as to what action the directors will take on interest payments covering 1939 operations (no action can be taken until accounts are completed) prospects at this stage are that payment will be made in full.

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NOTE: This is the third of a series of articles to be published from time to time, dealing with pulp and paper securities selling at a discount or which have some unusual investment feature calling for comment.

Paper Board Industry Feels Stimulus of War

War imposed "very excessive production demands" on the paper board industry in Canada, coming as it did at a period when there is a normal seasonal improvement, writes L. F. Winchell, vice-president and general manager of Hinde & Dauch Paper Co. of Canada, in the current bulletin of the Toronto Stock Exchange. A part of this extra demand, he suggests, was due to firms stocking up after outbreak of war.

Mr. Winchell adds, however:

"The question is how long will this extra stimulation keep up, and in some quarters, concern is felt as to whether such stimulation can or will be controlled to as safe a degree as is practically possible, so as to preclude the necessity of facing what may be a rather painful readjustment later on."

A feature mentioned is the receipt of requests for supplies of board from foreign consumers, particularly Great Britain and other Empire centres, who had ordinarily received supplies from Scandinavian and other Continental paper board manufacturers. This demand could take the place of a falling off in domestic requirements.

Mr. Winchell says that changed conditions have reversed the tendency toward lower selling prices for the industry's products, but this has been accompanied by many items of higher costs. Specifically mentioned are U. S. exchange, taxation, potential increases in pulp prices, and waste paper costs. The latter is partly imported from the United States and is an important raw material in making paper board.

Screenings

Watch Scandinavia

Study of the complete statistical returns on newsprint for September leads to the conclusion that it is still necessary to use caution in estimating the possible increase in business for the Canadian industry next year. During September it was the fairly general belief that the Scandinavian countries would have considerable difficulty in maintaining shipments and Canadian mills would be able to take away the larger part of their trade.

In The Financial Post's annual pulp and paper number, issued at the end of September, it was pointed out that most of the tonnage to be taken from the Scandinavian mills as result of the war would come from markets other than the United States. Further any large increase in Canadian shipments would come from an increase in consumption in the States. At the time that view was regarded in some quarters as much too conservative. It may still prove to be so, but in September Scandinavian shipments to the States were the fifth highest of any month in the past four years, less than 3,000 tons under August and more than 9,000 tons more than in September, 1938.

If Europe can maintain shipments in October, then it is a fairly safe assumption that American publishers can depend upon the Scandinavians for newsprint. This observation naturally applies only to the U. S. market.

The September returns were sufficiently important as to indicate that the Scandinavian mills are still a force in the international market. Consequently estimates as to possible increases in tonnage for Canadian mills in 1940 will have to be examined more carefully than was the case four or five weeks ago. If the rise in American consumption is maintained at the same rate as in the past two months, then The Financial Post's earlier estimate of possibly 500,000 tons additional business for Canada next year may be realized. But if the rate of gain is not maintained, then that estimate will have to be revised downward. There is not as yet sufficient material upon which to hazard an opinion as to the trend of demand over the next year, but there is a need of tempering optimism on the outlook until the trend is more clear cut.

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Hearst Situation Brighter

Improvement in the financial position of the Hearst papers and their ability to pay "cash" for current deliveries is most encouraging. A large number of Canadian mills are engaged in meeting the requirements of the Hearst chain and any improvement in credit arrangements naturally strengthens the position of the manufacturer who has been more or less forced to carry his customer.

Abitibi Plans Works In Northern Ontario

Abitibi Power & Paper Co. has deposited with the Minister of Public Works at Ottawa description of the site and plans for a boom layout in the harbor at Port Arthur and description of the site and plans of a dock and ways to be constructed at Orient Bay on Lake Nipigon, Ont.

LAKE ST. JOHN SHARES

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading 156 additional common shares of Lake St. John Power and Paper Co., increasing the number outstanding to 99,825.

Pulp & Paper Stock Values Near Top

Current Quotations Holding Near High Point for This Year

From Our Own Correspondent

MONTREAL.—Pulp and paper security values have been well maintained, current quotations being close to the high and considerably above the low of the year. This applies to the group as a whole which covers newsprints, fine papers, kraft and miscellaneous products.

Volume of trading has kept up well, indicating a continued strong interest in the group.

The range of prices for the more active securities during the current year follows:

	—1939 Price Range— Low	High	Current
Abitibi	½	3¼	2⅛
Abitibi, pfd.	3⅛	21½	15⅛
Bathurst, "A"	5	15½	14¾
Bldg. Products	12¾	19¼	17½
Cons. Paper	2⅝	9	8¼
Dryden	3	13	12½
Donnacona, "A"	2	10⅞	10
Fraser	6¼	22	20
Howard Smith	9	20⅛	19
Great Lakes	5	9⅛	8¾
Maclaren	8	21	19
Price Bros.	6½	24	17⅞
St. Lawrence Corp.	1⅞	6⅝	6
St. Law. Corp., pfd.	6	19½	19⅛
St. Law. Paper, pfd.	21	49½	47½

Hinde & Dauch Earnings Higher in Last Quarter

Hinde & Dauch Paper Co. of Canada had net earnings of about $110,000 for the first nine months of this year, according to information taken from an interim earnings statement of the parent company in the United States. In September, The Financial Post reported that operations were at a high rate of capacity, partly attributed to movement of canned goods overseas Reversal of the declining trend of prices for the company's products was also reported.

The indicated nine months' earnings would be equivalent to 37 cents a share on the 299,933 shares outstanding. It is understood that over half of this was earned in the three months ended Sept. 30. Last year Hinde & Dauch earned $1.42 a share, but it is unlikely that 1939 profits will reach this level although the current 50-cent annual dividend should be covered.

B. C. Rayon Mill Scheme Is Complicated by War

From Our Own Correspondent

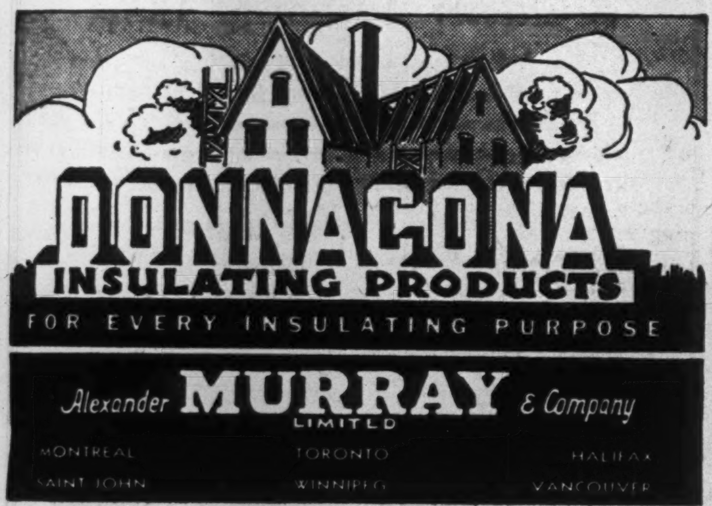
VANCOUVER. — Construction of factory buildings and installation of machinery for weaving, dyeing and printing processes in connection with Vancouver's proposed $2.5 millions rayon plant project, is being recommended by Managing Director Paul Zuest, of Vancouver Rayon Silk Ltd., on his return from a four months' tour of Europe.

Approval of some of the financial details in connection with the company's setup has yet to be secured from the B.C. Securities Commission, but Mr. Zuest believes that this will soon be forthcoming.

Railway Surcharge On Newsprint Unchanged

From Our Own Correspondent

MONTREAL.—Surcharge applicable on shipments of newsprint paper prepaid in Canada for the first half of November remains unchanged at 7%. This is the rate which has been in effect since the American dollar sold at a premium in relation to the Canadian dollar.



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By Land, Sea and Air —

Prospect Bright For Active Winter Travel

Varied Alternatives Offer Despite War Restrictions

As the winter travel season gets under way, it becomes increasingly evident that Canadians still have an attractively wide choice of alternative plans for the coming season, despite the travel channels blocked or narrowed by the war. The hunting season in Canada will be pretty well wound up by the end of this month, and plans are already being made for travel in the cold months.

Distinguishing feature of normal winter travel is that the goals of its main travel movements are at exactly opposite extremes of geography and temperature. Annually the substantial trek of sun-seeking frost refugees, from wintry weather to warmer zones of the continent, is matched by the pilgrimages of winter sports enthusiasts to resorts where plenty of cold, snow and good accommodation are available, such as the northern districts of Ontario and Quebec.

For both groups the war has created few difficulties of any seriousness and at the same time is developing means by which such obstacles may be surmounted. For instance, it is difficult, if not impossible, to visit European and North African resorts for either sun basking or winter sports. This is being offset by the efforts of travel interests to facilitate visits by both Canadians and Americans to western hemisphere areas, especially those requiring no oversea travelling in potentially risky waters.

Canadian Funds at Par

An important phase in this regard is the declared readiness of American motor coach lines and numerous U. S. hotels to accept Canadian funds at par from Canadian travellers in the United States. On rail tickets to U. S. points, only 3% is being collected for exchange (in some cases 6%). This, of course, considerably reduces the extra cost on account of exchange for U. S. travel, both en route and at destination.

Direct survey by the Ontario Motor League has disclosed scores of hotels willing to take Canadian funds at par, not only along the routes of regular year round travel in the eastern and central states, but in and en route to the winter resort regions of the southern states. In Florida alone the roster lists nearly 20 hotels, in Miami-Miami Beach (5), West Palm Beach (across Lake Worth from Palm Beach), Daytona Beach (4), Lake Worth, Ormond Beach, St. Augustine, Clearwater, St. Petersburg, and Jacksonville, the northern gateway city of Florida.

In Georgia, Canadian funds are being accepted at Sea Island, Savannah, Augusta and Atlanta; in South and North Carolina, at Southern Pines, Pinehurst, Charleston, Greenville, Columbia, Durham, and Fayetteville. As in the more northerly points, the hotels in the south are virtually all of the better class.

Finer, Faster Trains

In addition to such special concessions to Canadians moving south, this season is bringing further improvement and speeding up of transport services to southern points. The Seaboard Air Line Railway, for example, has announced that in December it will put three streamlined, air-conditioned, Diesel-electric trains into operation between New York, Washington and Florida points. They will provide daily all-electric service to the south, an hour and a half faster than was possible last winter.

In addition, Seaboard will operate its crack luxury trains, the Orange Blossom Specials, down the east and west coasts of Florida. The west coast train will operate with Diesel-electric power, permitting a faster run than last year, and the east coast special will make the New York-Miami run in only 26¼ hours.

Fishing in fresh water bodies as well as deep sea angling can be enjoyed throughout the winter around Victoria.

Victoria Attractions

While obstacles to trips to Florida, California, Mexico, the West Indies and South America are not as great as was expected with outbreak of war, the problems of war travel have undoubtedly focused great interest on the winter attractions of Victoria and other Vancouver Island resorts. Travel to this "sun porch of Canada," of course, involves no problems of exchange costs or risk of oversea travel.

In addition, Victoria and adjacent regions offer exceptional attractions not found at more southerly winter resorts. There is the choice of three varieties of sporty fishing—fresh water in lakes, rivers and small streams; "off dock" and inshore fishing; and deep sea fishing. Other special diversions which the Canadian Riviera excels include cougar hunting expeditions, horseback riding, comfortable winter golf, and, easily accessible by short train or motor trips, winter sports facilities.

New Zealand Centennial

One oversea trip that is expected to attract increasing attention as the winter progresses, despite war, is the exotic journey to New Zealand. Steamship services there from both Vancouver and San Francisco are still running regularly, and indications so far are that trans-Pacific shipping will be free from submarine or warship raiding menaces. Germany no longer holds the Pacific territories she used as bases in the last war.

In New Zealand, where the seasons run in reverse, summer has just begun and will run through April. More important for winter travellers seeking special attractions, the New Zealand Centennial, celebrating the 100th anniversary of organized British settlement, was launched only this week. While the various provincial and local events will continue until next November, the chief events of the national Centennial programme are scheduled between now and the end of April.

Principal features of the main celebrations include the Centennial Exhibition at Wellington, continuing until next spring; Centennial Games, Jan. 6-20; deep-sea fishing contest, Jan.-April; Eucharistic Congress, Wellington, Feb. 1-4; great pageant re-enacting signature of Treaty of Waitangi, ending wars with Maoris, Waitangi, north of Auckland, Feb. 6-7. Programmes of winter sports and competitions will be conducted in May and again in August.

U. S. Air Lines to Have Joint N. Y. Offices

The presently scattered ticket offices, waiting rooms and bus terminals in New York City of major U. S. air transport lines, are to be consolidated into a single handsome terminal at the heart of the city—immediately across 42nd. Street from Grand Central railroad station. The five-story structure will house air line offices and, on the ground floor, ticket offices, waiting rooms and loading platforms for the bus services linking the terminal to airports. Participating air services are Eastern Air Lines, T.W.A., American Air-Lines, and Pan-American Airways.

Intercity Service By Air Improved

Two way direct air transport service between Montreal and Toronto was inaugurated Nov. 1 by Trans-Canada Air Lines, with a new morning flight out of Toronto to match the previous daily morning trip from Montreal to the Ontario city.

For several months past, direct Montreal - Ottawa - Toronto service has been available, on a 2¾-hour schedule. But eastbound air travellers from Toronto had to use the regular plane connecting at North Bay with the Vancouver-Montreal trans-Canada plane, which took four hours Toronto-Montreal.

Now air trippers from either Toronto or Montreal can reach the other city in 2¾ hours, spend up to 6 or 7 p.m. at their destination, and be back home by mid-evening of the same day. The direct flight planes leave Montreal at 8.30 a.m., and depart from Toronto on the return trip at 7 p.m. The eastbound machine leaves Toronto at 8 a.m., and pulls out of Montreal at 6 p.m. Stops are made at Ottawa on all four runs.

With test flights already launched on the Montreal-Moncton leg of the trans-Canada route, it is anticipated, regular air-mail service connecting the Maritimes with Montreal, Toronto and the transcontinental service will be available by next summer.

World's Fair to Resume Operations Next Summer

Originally scheduled to close at the end of this month, the New York World's Fair is to be continued next summer and exhibitors are already being signed up to maintain their displays during the 1940 season. The Financial Post is officially advised by C. V. Pach, financial director of the Fair, that resumed operation next year is being planned.

Detailed plans and policies have not yet been drafted in regard to the re-opening of the Fair next year, but at present it is intended to operate in "practically the same manner as this year." The Fair this year did not bring in the financial returns expected, but it is possible the additional season in 1940 may offset any deficits accruing from this year.

The Golden Gate Exposition at San Francisco recently went into bankruptcy and it is unlikely it will resume operations next year.

T.C.A. System Slated to Stay On Civil Basis

Resist Pressure to Use It for Air Training Scheme

DUE FOR EXPANSION

From Our Own Correspondent

OTTAWA. — Despite persistent reports in all parts of the country that civil aviation is to be sacrificed as part of Canada's war effort, the Dominion Government affirms the opposite.

There is no qualification in Ottawa's statements that Trans-Canada Air Lines not only is going to be maintained but almost certainly will be extended next year. It is regarded officially at Ottawa as an essential means of wartime national transportation and its personnel is being protected against inroads by the military.

The frequency with which these reports pop up and the highly trustworthy quarters whence they arise, may be accepted as proving that the officers at the head of the great Empire air training scheme greatly desire to take possession of Trans-Canada, its fliers and ground staff, and its planes. It seems that they do not believe that Canada can play her part, quickly and effectively, unless Trans-Canada is thrown into the military organization.

Cabinet Adamant

Against these views, however, the cabinet hitherto has been adamant. Not only have the ministers refused to listen to these appeals, but the Government passed an order-in-council on Sept. 5 which puts the Trans-Canada organization quite beyond reach of the military. This order-in-council expressly declared certain Government services as essential to this country's war effort and placed the personnel and equipment outside the authority of the military.

The services specifically mentioned were: Trans-Canada Air Lines, the two railway companies, the National Harbors Board, telegraph and steamship services, and the Canadian Broadcasting Corp. Apart from these no part of the government service can be considered exempt from the demands of the military.

The reason why Trans-Canada is so eagerly desired for training purposes is obvious. The great training scheme now being worked out will require at least 100 airdromes, a vast amount of land equipment and a great many planes. If the Trans-Canada system could be used, the airfield requirements would be substantially reduced and an immediate start could be made. Moreover the Trans-Canada personnel and equipment would be at once available. There would not be the present dearth of instructors.

Undoubtedly, the officials of Trans-Canada have been conferring with the military heads in charge of the training scheme. They know aviation in Canada better than the military people do. But their advice, while not wholly excluding the Trans-Canada system from the scheme, has been to concentrate the training in the parts of Canada where airdromes can be created with greatest speed and least expense.

At the same time, the air training authorities have been offered all the facilities of the Trans-Canada not presently in use.

Secretary Is Appointed By Council of Engineers

At a recent meeting in Montreal, the Dominion Council of Professional Engineers decided to establish its offices in conjunction with the Toronto headquarters of the Association of Professional Engineers of Ontario, and appointed M. Barry Watson, registrar of the Association, as secretary - treasurer of the Council. Mr. Watson, a Toronto consulting engineer, has been registrar for the past year of the Ontario body, which was established in 1932.

WATSON

The Montreal meeting also gave considerable attention to the question of placing services of engineers at the disposal of the Government and ensuring that such services should be used in the most efficient manner possible in aiding Canada's war effort. A committee was appointed to study the conditions under which foreign engineers should be permitted to practice in Canada.

Your Investments

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Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Algoma Central

Have Algoma Central and Hudson Bay Railroad and the Ontario Government reached any settlement on the Government's tax claim?

Nothing further has been heard of the Ontario Government's tax claims against Algoma Central and Hudson Bay Railroad Co. since the original writ was filed some months ago. It is not known whether or not the province will proceed further with the action but in the meantime there is nothing further to report.

Brazilian Traction

Would you please give me a brief summary on Brazilian Traction Co.

Brazilian Traction has been finding difficulties in maintaining its earnings, expressed in terms of Canadian dollars, on a par with actual volume of operations. In recent years its operating subsidiaries have reached new peaks in output of power and other utilities provided but, because of unsatisfactory foreign exchange rates, the net profits have not kept pace. Over the longer term it is possible that Brazil's foreign trade position and, therefore, its supply of available foreign exchange, will be improved by wartime demand for many of its products. But this is likely to be delayed for some little time before showing real effects. It appears that the risks surrounding investment in a foreign country are intensified during wartimes.

Waterloo Mfg.

Could you give me any information on Waterloo Manufacturing Co.?

It is difficult to obtain satisfactory information regarding Waterloo Manufacturing Co. The last complete financial statement available is that for 1937, the company not having yet issued any 1938 report. Last February the company reorganized and the former class A stock exchanged for new common on the basis of one share of common for each three shares of old class A stock held. Arrears of dividends were cancelled and the class B stock was eliminated. An arrangement was made with a secured creditor to release $270,000 of this indebtedness and accept in payment thereof 6,000 new common shares and the entire 30,000 shares of new 6% preferred of $10 par value. None of the company's stocks are listed on any exchange.

Waterloo Manufacturing makes a line of farm implements and has a sales agency for tractors and ploughs and combines. Outlook for the company would undoubtedly be improved with an increased purchasing power among the Canadian agricultural population. The good crop harvested this year may not have much influence on actual sales during the period, but should benefit collections. The chief sales period for farm implement companies was completed before crop prospects were well enough known to enable much increased sales to be experienced, it is understood. Some departments of the plant are said to be busy making equipment for the manufacture of war munitions.

Pacific Mills

Will you please give me some information about Pacific Mills Ltd.? Also I would like to know particulars of its dividend policy.

Pacific Mills Ltd. is one of the largest newsprint manufacturers in British Columbia, with an annual capacity of 90,000 tons of newsprint; 18,000 tons of sulphite pulp; 62,000 tons of groundwood; 30,000 tons of kraft pulp and 5,000 tons of wrapping and tissue papers. The company has outstanding $7,500,000 of common stock divided into 75,000 shares of $100 par value each. Crown Zellerbach control the property, owning 70,590 shares. According to the last report there were only 98 shareholders.

The dividend policy of Pacific Mills has been irregular. It paid dividends of $4 a share in Dec., 1928, and ceased payments until Oct., 1935, when $1 a share was paid. In March, 1937, the company paid $2 and in April, 1936, $4 a share. In April, 1937, the dividend was reduced to $2 and in April, 1938, increased to $4 a share.

Canadian Utilities

I hold $25,000 of 5% bonds of Canadian Utilities. Would you kindly give me your opinion of these as a businessman's investment.

Canadian Utilities Ltd. distributes electrical energy to 94 communities in Alberta and Saskatchewan. Included in the company's customers are 25 coal mines, while combined population served approximates 57,000. The company is controlled by Dominion Gas and Electric Co., a subsidiary of International Utilities Corp. Public interest is confined to the 5% first mortgage bonds.

In 1938, the company reported earnings equal to more than twice bond interest requirements after depreciation, taxes and other charges. Estimated results for 1939 indicates that a net profit of about $211,000 should be available after paying bond interest of $128,918 and allowing for taxes and other charges. Working capital has also shown a small increase and it is estimated that it will be equal to $216,986 by the end of this year, as compared with $194,563 a year ago. The territory in which the company operates should show improvement because of better agricultural conditions.

General Steel Wares

I hold some common shares of General Steel Wares and am wondering as to the prospects of this company securing war orders.

General Steel Wares is in a position to secure substantial war orders so that the outlook for the company's common stock has improved. The company can undertake the immediate manufacture of a large variety of goods needed for war purposes. Furthermore, domestic sales of its products should improve as business activity increases.

Algoma Steel

What are the prospects for the common shares of Algoma Steel?

The common shares of Algoma Steel Corp. have appreciated in price to slightly over $17. At this price, the stock is capitalizing recent earnings at a fairly high figure as the company only reported 29 cents a share available for the common in the year ended April 30, 1939, and $1.30 a share in the preceding year. It is quite conceivable, however, that earnings in the year which will end next April will exceed any previous year for this company which has not a long record of successful operations behind it.

Ahead of the common stock is $2.2 millions of 5% preference on which no dividends have yet been paid but which carries a dividend which becomes cumulative from next Jan. 1.

Algoma Steel has a number of interesting developments on which it is not yet realized to any extent. In the first place, its new tin plate mill started operations this year and should be in a position to return a profit by the end of the current season. Also the company is now receiving ore from the newly opened Helen Mine which may be a source of some profit to it through sale of the portion of the production which it does not need itself. Outlook for steel companies generally appears favorable on the basis of a probable wartime demand for steel and iron products of many kinds.

Brown Co.

Can you please tell me something of the current operations of Brown Co. and the prospects for the reorganization?

Prospects for Brown Co. are considered more promising. Demand for the company's various products has shown a sharp increase since the war started, which, together with the advance in price, leads to the belief that the company will be able to re-establish its earning power. Meanwhile, arrangements have been made for a loan from the Reconstruction Finance Corp., depending upon the terms of the reorganization. We understand that the reorganization plan is well advanced and it is possible that some announcement will be made within the next few weeks.

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Investors may study companies in which they are interested and follow their operations by securing The Financial Post Corporation Service reports. These complete reports may be obtained by themselves, or with a follow-up news service which supplies current information on operations throughout the year.

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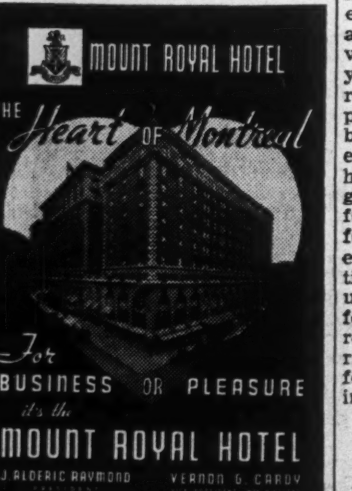

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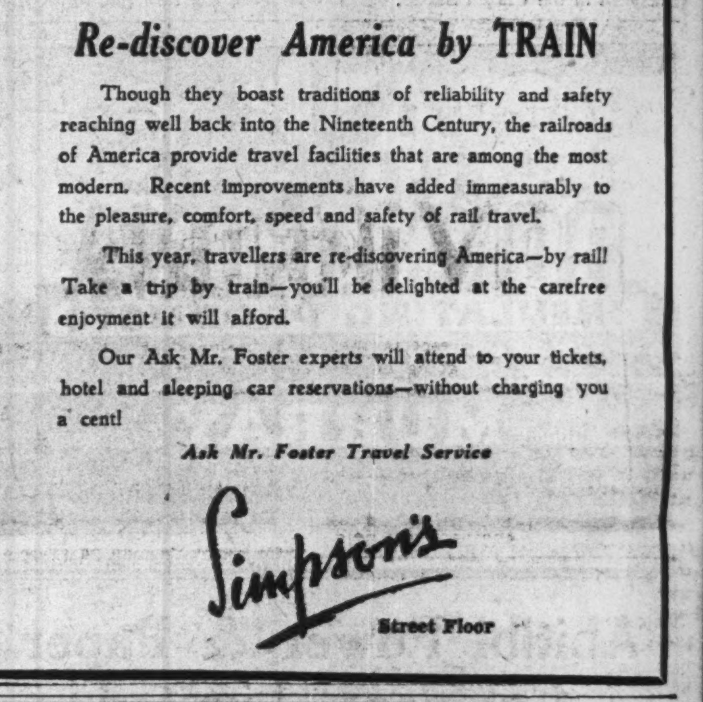

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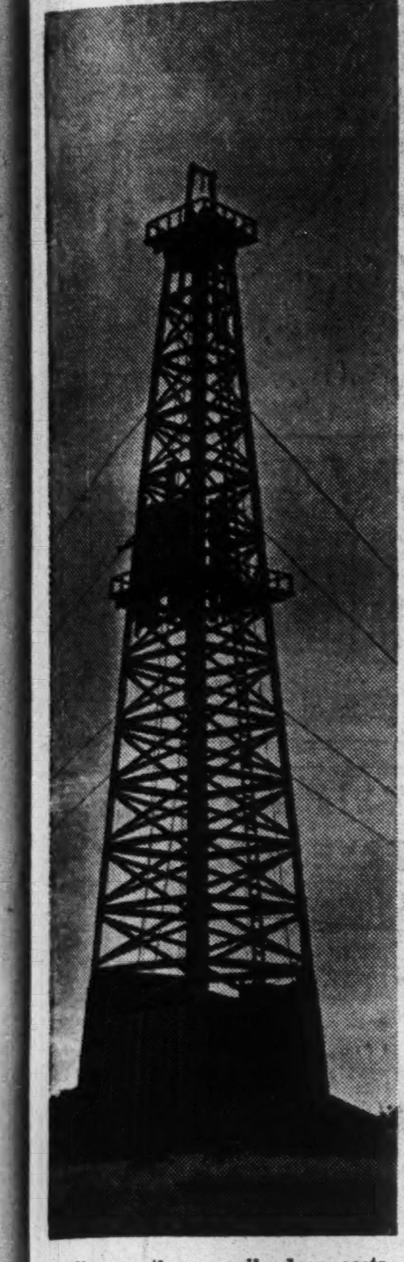
Western Canada Oil is Big Business

Now on Verge of Sweeping Into Major Expansion Era



A well more than a mile deep costs around $200,000.

By RONALD A. McEACHERN

Mining and Oil Editor, The Financial Post

Canadian crude oil production is definitely big business.

Don't be misled into thinking that it isn't. A dull stock market for oil shares and gloomy pronouncements about "geographic handicaps" may be consoling to the pessimists and other enemies of national development. There have always been people who profit from national stagnation. There have always been those ready to scoff at pioneers. But history is always on the side of the pioneers. So don't get out on a limb by dismissing Canada's crude oil possibilities as unimportant.

Glance at the record:

Ninety producing wells today in Alberta.

Nineteen wells now testing or drilling.

Twenty-three wells partly drilled or going to be drilled shortly.

Thirty-five drills right now working on oil structures other than Turner Valley, trying to develop other fields, many of which look as good or better than Turner Valley did in its development days.

Alberta oil wells are now turning out 26,678 barrels, worth over $32,000, every day, almost $1 million a month.

The crude oil production of Alberta wells this year will be worth over $12 millions. It was $11.8 millions the year before, $5.4 millions in 1937.

Dividends Over $5 Millions

Dividends paid by Alberta oil companies so far this year total almost $1.4 millions and total dividends paid by Alberta oil-producing companies since the beginning of 1937, the new crude producing era for Canada, amount to almost $5 millions.

Royalty payments to the Province of Alberta, great land-holding companies like Hudson's Bay Co., the Canadian Pacific Railway and to thousands of individuals, amount to millions.

That's no mean achievement for a young industry that has had practically everything against it but the fact that it has oil—lots of it—and some men of faith developing it.

It took Canadian mining almost 25 years to prove itself a great industry and a vital national asset to gain any measure of respectability. Remember that the new era of Canadian crude production is just three years old.

Has Widened Market

What does war mean to Alberta oil possibilities

The market for Alberta crude has been widened. The big Canadian refining companies buy much of their crude supply from the United States. The 10% discount on Canadian dollars means that this U.S. crude costs the Canadian refiners at least 10% more. Further adding to their costs on foreign crude are higher freight rates, and higher insurance. For these reasons the area which refiners find it cheaper to supply with the Alberta product than with imported crude has been extended. Just how far, they refuse to reveal. But it is believed in well-informed circles that this increased demand will permit Turner Valley wells to run very considerably faster throughout the winter than the 10,000 barrels per day to which they were reduced last winter.

Pressure from oil interests on the Dominion Government for the imposition of dumping duties against crude imported from the United States, notably by Texas Corporation, may shortly be bearing fruit.

Weeks have gone by without any word of success on the plea of oil interests to the Board of Transport Commissioners that a war economy required the Canadian railways to give crude oil a better freight rate to the East.

But no Oil Boom

War has been given as an excuse, though it is hardly the cause for temporary shelving of pipeline propositions.

War has sped the search for new oil structures.

But war has not created an oil boom. For this reason. Great Britain and France have access to vast supplies of crude oil, which for the present at least do not make Turner Valley production vital to Empire safety. Furthermore, Turner Valley crude is not—as so often asserted—suitable for navy use. T.V. crude is a light crude, magnificent for the production of high-test gasoline, but no good at all for heavy fuel oils.

The confusion is partly due to the known interest of the British Admiralty in Alberta development. But the Admiralty is the British Government's oil-purchasing agent and holds a controlling interest in the vast Anglo-Iranian (formerly Anglo-Persian) Oil Co. Hence, Admiralty interest in Turner Valley was not for navy fuel purposes but for gasoline possibilities, e.g., for airplanes and general vehicle use.

Indications are good, however, that heavy crude of the type suitable for navy use, will be developed in western Canada, other than in Turner Valley. Several tests on other structures have produced small amounts of a very heavy crude and the Imperial Oil Fort Norman wells have been producing heavy crude for some years.

Solution on a Platter

By far the most important probability war has presented Canadian oil production to date springs from the Empire air-training scheme recently announced.

There are many aspects of this giant plan to train the Empire's pilots over the plains of the Canadian West yet to be worked out. Plans now call for the training of some 25,000 young men at various stations across the Prairie Provinces.

Should that scheme materialize, its implications for western Canada oil production are tremendous. The military pilot starts training in a machine that burns seven to ten gallons of high-test gasoline an hour. Then he moves to a machine burning around 50 gallons of gasoline an hour. Each man would get some 300 hours training. Military men who gave these estimates to this writer suggest that to train one military pilot would require somewhere between 4,000 and 6,000 gallons of gasoline. Taking the lower figure, which I was assured is conservative, gives the stupendous demand on the prairies for 100 million gallons of gasoline or about six million barrels of Turner Valley crude, approximately as much as the whole 1938 Alberta crude production.

The Empire air-training scheme, if it materializes, may hand western oil a solution to its marketing problems on a platter, and at the same time provide the drive and stimulus which would almost automatically and immediately bring pipelines and all the other desiderata of western oil growth in its train.

True, new refineries would be required for the production of aviation fuel in western Canada. But the new Houdry refining process, with its special abilities in producing a very high-test fuel, is now available and could be readily put to work in western Canada.

Far Too Much Gloom

But without too much counting of chickens before the hatching, what is the next step for Alberta oils?

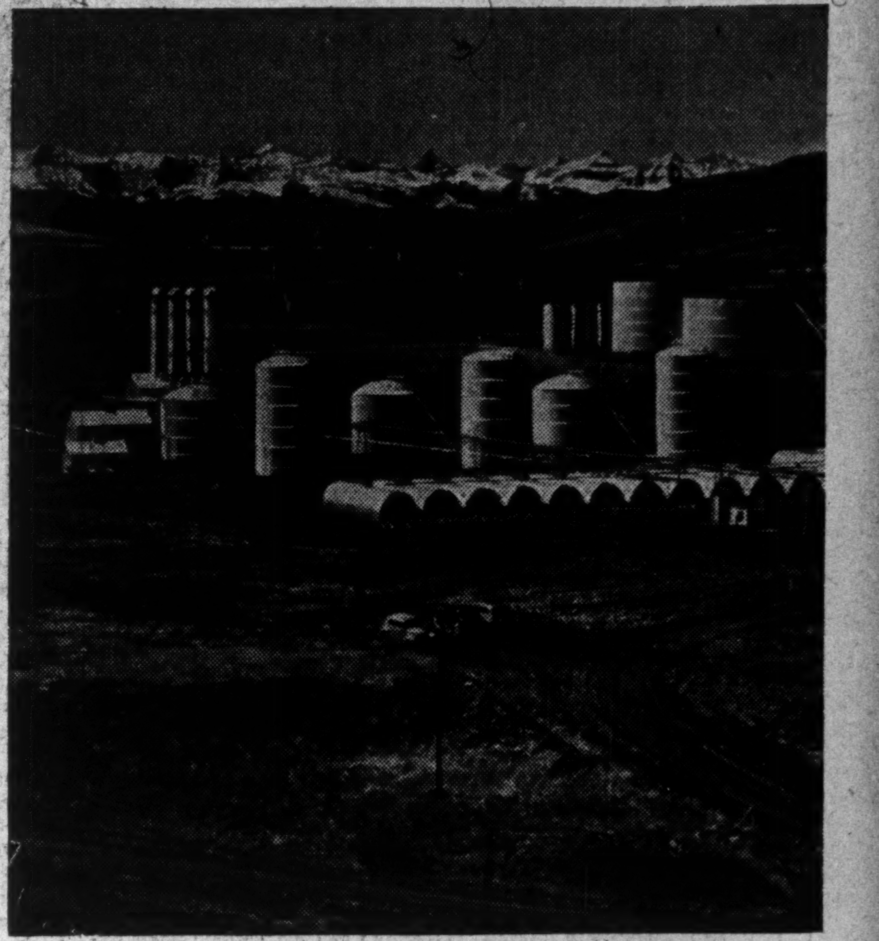
Before considering that, however, don't forget that far too much gloom has been sung about the oil situation. No important oil field in the world has been developed with so few dry holes as Turner Valley. Remember that the crude era is only three years old. Remember that nice profits are being made and that if present marketing outlets seem to restrict production, they increase profits in the long run and merely affect the speed with which the profits flow in. Some alleged good friends of the industry have very successfully spread the impression that Alberta oils are sunk deep in depression. That is definitely not the true picture at all.

But the next step? It may be dramatic growth in the productive capacity of the Turner Valley structure itself. The recent very successful completion of wells in the middle of Turner Valley may touch off an extensive development which would almost treble the proven oil-producing area of the field. Now nearly all wells are tightly clustered in a small area in the southern tip of the field, with a few powerful young wells like Home Millarville 2 in the far north.

Watch the Wildcats

But right now even more important is the development of another crude oil field of unquestioned importance and high ability to produce. Successful wildcatting is the one thing which more than anything else will open the new era for sweeping expansion and inexorably establish the importance of western Canada crude oil to the Dominion.

As outlined in a separate article elsewhere in this edition, there are several very promising wildcat tests now nearing completion, which may prove to be the turning point in Canada's crude producing industry. Another few weeks may tell the story of a couple. And of course there are a score of structures yet to be tested.



—Canadian Economic Service photo.

A Turner Valley crude station in the shadow of the Rockies.

The past year has seen a very significant change in the method of wildcatting. Turner Valley has been a useful training school for Canada's oil operators.

In the first place, it gave some of them very sizeable funds to spend elsewhere. It taught them management. It trained a group of drillers and "roughnecks" who could hold their own in any world oil field and it showed the waste and inefficiency of scores of different interests crowding their derricks together on a little plot of ground.

Oil-welling creates enough problems by itself without the additional chaos and trouble of trying to get a score of conflicting financial interests to co-operate for the common good.

After years of abuse and waste the Turner Valley field finally got a Conservation Board to protect it, to arbitrate between conflicting interests, to protect A's well from B's activities next door; to apportion the market for oil fairly, according to productive capacity and the general welfare.

Today wildcatters individually or in groups are buying up rights to whole structures. Instead of acquiring drilling rights to 40 or 80 or 160 acres, operators are taking 20,000 or 50,000 or 100,000 acres under their wing; taking all the ground which from geological study, appears to overlie the expected oil pools below.

In this way, an entire structure in single hands, there is no wasteful rush to drill new wells, for there is no danger that the next-door well is draining oil

(Continued on page 13)

Wildcats

Wildcatting is in many respects the most important thing now going on in the Canadian oil production business.

One great field — one of the greatest in the British Empire—Turner Valley is constantly being expanded; fulfilling high expectations.

The development of another great field is essential to smashing down the economic barriers and to convince the pessimists.

The embarrassment of riches which is holding back Turner Valley from cashing in on the full flow of wealth will be overcome. The flood of black gold will have swelled high enough to rush over the dam and serve all parts of the nation's life.

With the immensely rich producing fields of Montana to the south and the Fort Norman fields in the north, and similar geological conditions between, geologists have been very frank in predicting that many other oil structures along the Rocky Mountain foothills are likely to be found.

Many Promising Fields

Detailed geological work has indicated a couple of dozen potential oil fields, most of which look more promising than Turner Valley did when R. A. Brown, Sr., went to his last dollar in drilling a hole that kept the natives laughing for almost a year—until it blew.

Today work is going on in 19 wildcat fields. Perhaps in three weeks time or less the story of one or two of these outside fields will be known. Drilling so far on several gives very promising indications.

Jumping Pound field looks as if it will be next to show its stuff. Brown Consolidated well No. 1 is being drilled over 6,000 feet in the lime now and another two weeks may finish the job. Drilling indications so far are understood to be completely satisfactory to both operators and geologist. The field is known to have the favor of several of the Dominion's most outstanding oil geologists.

Dr. G. S. Hume of the Federal Department of Mines and Resources has said:

"As matters now stand the Jumping Pound anticline is considered to be the most promising prospective structure that the writer has studied in the foothills."

Dr. R. L. Rutherford, professor of geology, University of Alberta, long a student of the geology of the Rocky Mountain area, has written:

"Jumping Pound area contains an area very similar to Turner Valley in surface structural design and . . . . . this is the only area similar to Turner Valley in such respects in the entire outer foothills, from Township 12 northwest across Bow River Valley."

Brown Pioneering

Brown Consolidated Petroleums, a holding and prospecting company organized by the R. A. Brown interests and now being offered to the public, has 21,618 acres on the Jumping Pound area. According to the aforesaid Professor Rutherford, the well now being drilled is "at a location well chosen to test this structure . . .and it is well located within the boundaries of what I consider the best acreage."

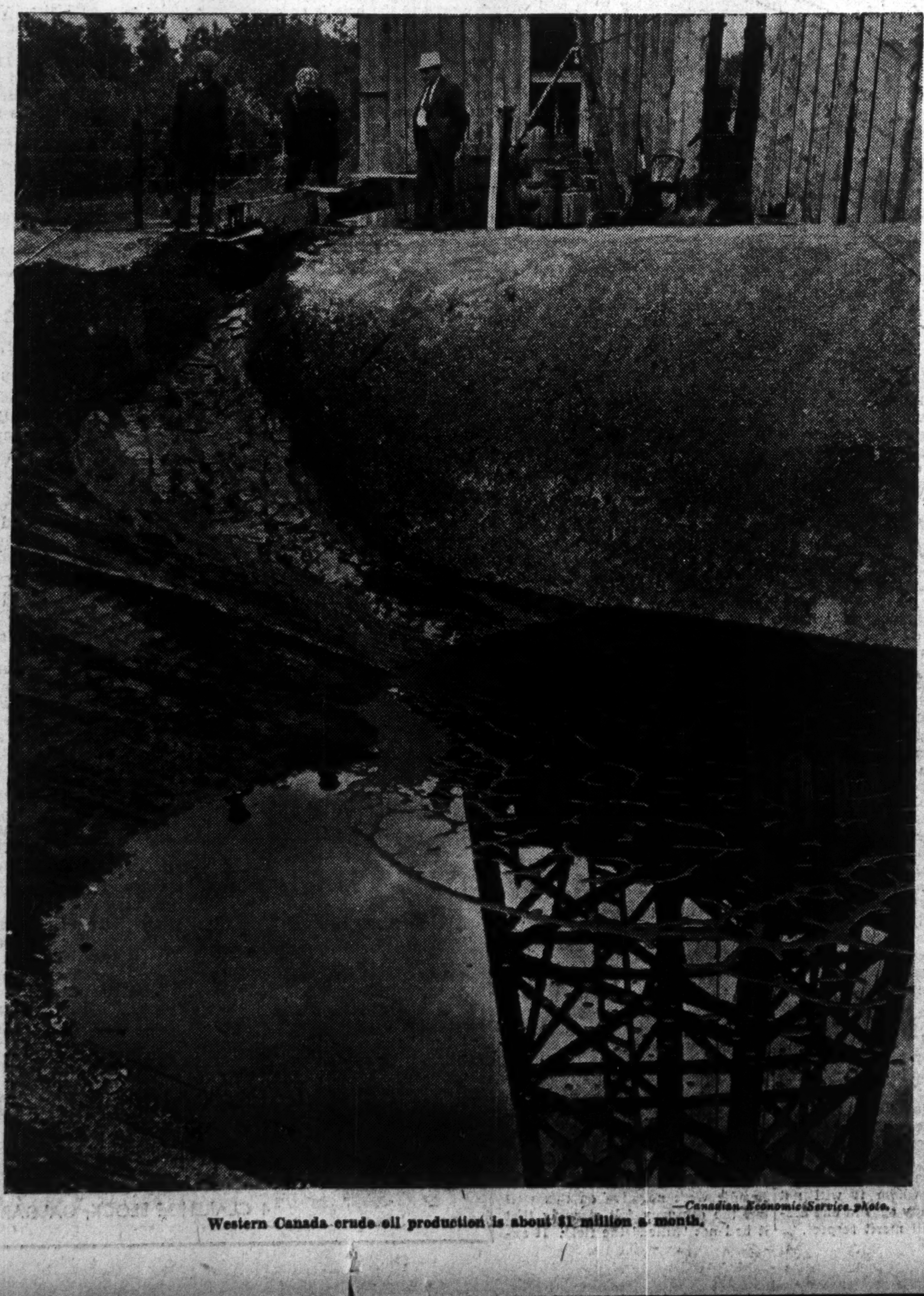
The Brown interests with the Turner Valley Royalties well pioneered the crude producing era in Alberta and have established a fine record among Canadian oil men as efficient and able operators.

The Home Brazeau No. 1 well of Home Oil Co. should very shortly be giving an account of itself.

Located a long way north of the Turner Valley field toward the British Columbia border, the Brazeau field has been of interest to oil men for some years. Through a subsidiary Home Oil (Brazeau) Ltd. the company has recently made additions to its holding on this structure so that it now controls 78,333 acres, believed to cover most of the potential oil bearing area in the structure.

Somewhat desultory activity has been taking place in this area for some time. Because it is isolated, set deep in the foothills, the company has had to build

(Continued on page 12)



—Canadian Economic Service photo.

Western Canada crude oil production is about $1 million a month.

Oil—Vital in War

Enormously Increased Consumption — Allies Have Big Advantage

"The Allies floated to victory on a sea of oil."

So declared Lord Fisher following Great War I. But the oil needs of the armies in Great War II will be fantastic as compared to the fighting of 25 years ago when the motor car and that whole genus of transport machinery was in the Model T category.

Today armies don't march, they ride. One motor truck for every six men is the approved equippage. Thousands of tanks, thousands of tractors and heavy trucks for pulling guns, moving ammunition and supplies are new in the war picture. Thousands of airplanes that eat gasoline at a speed as incredible as the speed of their own flight!

The Battle of the Marne in 1914 was decisively settled by General Gallieni who organized the famous taxi parade from Paris to the front.

Will Triple Need

Best military estimates are that war will increase the oil needs of belligerents about three times current peace-time demand. Remember that although war may only divert many motor vehicles to new work, vehicles on military duty usually travel in batches with all the delays and formalities accompanying the best traditions of military management. Actual tests have shown that on military duty a group of vehicles burned more than twice the amount of gasoline used for the same mileage on ordinary civilian work.

A minimum of 1,000% increase in aviation gasoline requirements in war over peace is estimated. In naval operations, while the total number of ships involved increases but slightly, the activities due to the necessity of extensive controls and convoys increases the demand materially.

On the basis that wartime needs of belligerents are three times peace-time requirements, the oil poverty of Europe immediately assumes startling proportions. With the exception of the Soviet, not a single great power has nearly enough oil even for peace-time needs.

Oil a Vital Pawn

Oil reserves are vital pawns in the diplomatic game. The British deal with Turkey, for instance, is important for the military consideration of controlling the Dardanelles. But perhaps equally important is the fact that a major part of Britain's oil supply comes from the eastern end of the Mediterranean. The deal with Turkey was of the highest political importance in keeping the approach to the pipeline outlets open to Britain. The oil fields of Rumania, outside of Russia's the best in Europe, are well known to be an important consideration in the Hitler game.

Following are details of crude oil production and consumption for European powers. Remember that, for belligerents, war increases demand about three times.

Europe is Oil Starved

Country—	Product. in Tons	Consumpt. in Tons
U.S.S.R.	29,500,000	22,167,852
Rumania	6,870,000	1,674,046
Albania	120,000	58,200
Germany	628,000	7,125,929
Poland	507,000	443,468
Great Britain	1,000	11,945,701
France	80,000	6,993,772
Italy	13,000	2,834,690
Hungary	40,000	258,371
Holland	......	1,441,175
Sweden	......	1,181,136
Belgium	......	688,000
Denmark	......	856,956
Norway	......	646,463
Spain	......	510,052
Switzerland	......	448,877
Greece	......	338,173
Eire	......	297,153
Finland	......	248,108
Portugal	......	197,587
Turkey	......	175,567
Yugoslavia	......	127,673
Bulgaria	......	104,614
Latvia	......	53,558
Malta	......	48,617
Estonia	......	45,678
Lithuania	......	41,735
Iceland	......	25,798
Total	37,759,000	60,978,949

Synthetics Still Small

While war and crude oil scarcity stimulates use of synthetic fuels, these have not been developed to a very high degree outside of Germany, which produces 2.5 million tons of synthetic fuel bringing her total petroleum product production to 3,128,000 tons. Great Britain has been producing about 395,000 tons of synthetics, France 247,000 tons and Italy 37,000.

Recent German conquests have very materially improved her crude oil position or her potential crude position. There has been intensive drilling in Germany since 1934, but without very good luck. Between 1924 and 1938 some 270 wells were drilled, only 35 of them proving productive. But the total production during the past six years in Germany is about equal to the total production of that country between 1872 and 1932. Three main German fields last year produced about 550,000 tons of crude. In Austria, the Nazi's now have an attractive field which started in 1932 at 72 tons a year but which last year produced 60,000 tons and is still increasing. In Slovakia, Germany got two fields running about 20,000 tons a year.

Fields Are Declining

Equally important is the fact that with the conquest of Czecho-Slovakia, Germany gained a whole zone of potentially productive structures extending along the entire Polish-Slovakian border, an area that looks quite promising to oil men. Poland produced about 500,000 tons of crude in 1938, but its fields are understood to be declining; hence their importance to their new masters is not considered great. Russia, of course, has a surplus supply of oil and is presumably helping Germany with it. It is perhaps significant, however, that while the Soviet crude production has been increasing, her exports have been dropping very sharply, presumably because of the increased mechanization of the Russian economy.

Following is the Soviet oil position:

Year	Production in Tons	Exports in Tons
1932	21,389,300	6,106,000
1933	21,330,100	4,890,000
1934	24,092,700	4,310,000
1935	25,241,100	3,353,000
1936	27,384,900	2,660,000
1937	27,867,025	1,930,000
1938	28,859,000	930,500

By far the most important factor in the European oil picture is Rumania. Her domestic consumption has increased slightly, but her wells have been falling off sharply, so that her ability to meet European needs has been declining rapidly.

Following shows where Rumania sold her oil last year.

Nation	1938	% of total
Germany	693,264	15.42
Italy	556,535	12.38
Great Britain	540,431	12.02
Czecho Slovakia	294,898	6.56
France	289,338	6.44
Egypt	283,305	6.30
Greece	200,215	4.46
Hungary	198,076	4.41
Yugoslavia	143,156	3.19
Spain	142,853	3.18
Belgium	120,089	2.67
Switzerland	88,873	1.98
Syria and Libya	79,770	1.77
Bulgaria	79,768	1.77
Tunisia	76,582	1.70
Palestine	66,136	1.47

What does all this mean to the belligerants? Where can they look for their vast oil requirements?

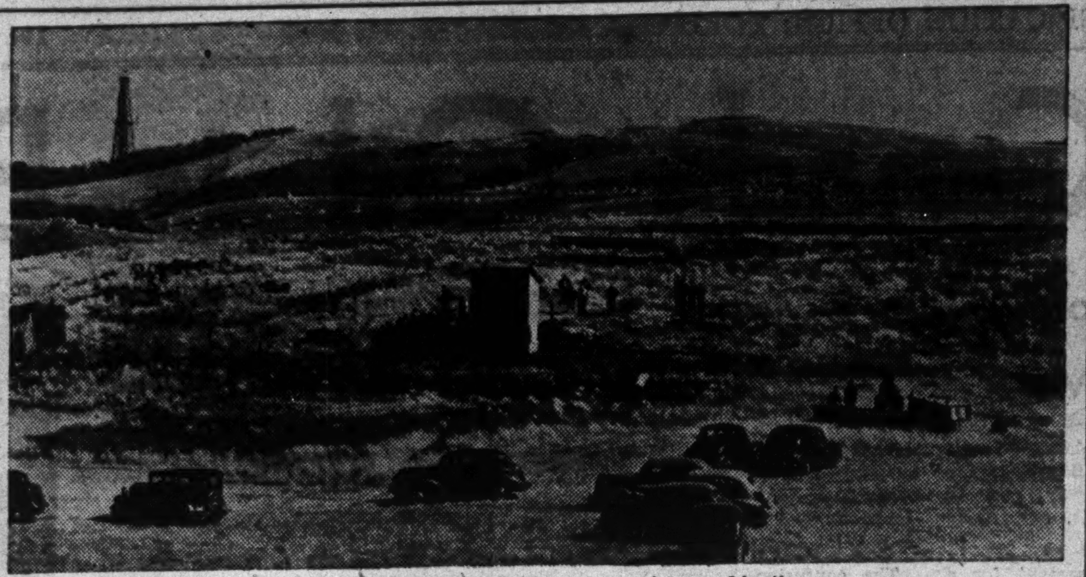
Germany, presumably, will still get some oil from Rumania. The Soviet may help out. Perhaps the German economic machine will find time, money and men to undertake a vigorous development programme in some of the promising oil fields, owned or conquered.

So long as Britain and France keep control of the seas, their oil supplies are safe. United States has recently been going through a chaotic stage in which oil supplies were fast outrunning consumption. Oil discoveries in United States have been rapid in recent years and production could be sharply increased. So could Canada's. The same is true of the South American and Indies fields. During Great War I, keeping control of the Mediterranean was a fundamental military aim, one vital reason for which was to protect tanker routes from the East.

Apart from Atlantic convoy problems, the Allies definitely are in better position oil-wise than in Great War I.

Oil Royalties — the Argument For and Against

This Form of Investment May Attract New Capital



Crude oil and wide wheat fields make a rich combination.

How do oil royalties work out? Is there any advantage to buying a royalty in preference to the familiar common stock?

Both forms of investment in oil wells have their hardy exponents. Both have their advantages.

The distinction between a common stock is important. A royalty is a return of capital plus profits in which there is a contract to pay back in monthly installments. A common stock is a participation in company profits which may or may not be distributed in the form of dividends depending on the will of the directorate and the amount of profits they want to distribute.

The recent decision of the Ontario Securities Commission to permit sale of oil royalties in Ontario, thereby opening up an important source of new wealth for Alberta oil development, has presented many Canadians with a form of investment with which they are but very little acquainted.

Royalty Financing

Because of their relative unfamiliarity in Canada, oil interests and the Securities Commission have spent months working out a standard form of royalty investment to protect both company and investor.

Take a typical royalty setup. The trust deed—or contract between promoter and investor—stipulates that 10% of the gross returns to the company from its sale of oil goes to the absolute owner of the property. This may be the Alberta Government or some other body which in the early days of the Dominion's history received extensive grants of land from the Crown, such as the C. P. R. or Hudson's Bay Co.

The gross royalty means that 10% of the value of every barrel of oil that comes of the well must go to the absolute owner and no deductions are made for the costs of producing it or anything else.

Limit on Gross Royalty

Another 5% gross royalty goes to the holder of the lease which will probably be the promoter. It is felt that 15% gross royalty to these two interests is the maximum that can be allowed consistent with equity and with general interest of all parties to the deal. Unfortunately, overoptimism in early developments in Turner Valley resulted in some wells being loaded down with 25% or 30% for these two items. Oil men agree, now, that this is much too heavy a load.

The next 67% or 67 units are sold to the public to net the company treasury the sum required. For example, if the capital needed was $201,000, each 1% royalty or one unit would have to be sold at a price of $3,000.

The remainder, 18% or 18 units, is the promoter's share, his bonus stock to repay him for his enterprise.

The 67 units in the hands of the public are termed a net preferred royalty. This means that after the deduction of the original 15% from the total cash received for the oil produced, and after all the costs of production are deducted, the remainder must go to the public.

Not until the original capital of the investing royalty holders is returned does the remaining 18% in the promoter's hands participate in the returns, in the approved model case.

What are the advantages and disadvantages of the royalty form of investment?

Every royalty agreement must have a trust agreement which sets forth the precise details regarding the foregoing matters. And the royalty agreement is contractual; its terms cannot be altered. Furthermore, it is likely to make a very specific statement of what charges of production are to be permitted, frequently giving limits.

In other words, everything is down in the contract and the investor doesn't need to wait for the action of a board of directors before getting returns.

Another advantage for most investors is that royalty payments are made monthly which means that reasonably successful royalty investments provide a monthly income, varying only with the amount of production, the price of oil, and cost of production.

Disadvantages

What are the advantages and disadvantages of the royalty form of investment?

It is probable that royalties are in many cases rather less readily marketable than common stocks, mainly because of their unfamiliarity in this country. While western Canada stock markets are developing means of handling them on recognized exchanges, royalties in the past have depended pretty much for their market on the overcounter activity of special brokers.

The Calgary and Winnipeg stock exchanges have already listed some royalties and the Toronto Stock Exchange is understood willing to consider listing them when the need for formal marketing facilities in that part of the country becomes clear.

Varied Sale Prices

Lacking a formal market with its attendant daily price quotations widely distributed, royalties have opened the way for somewhat odd methods of salesmanship. It is known, for instance, that on the same day the same royalty was being sold to the public at very widely differing figures—several hundreds of dollars different—in cities not many hundreds of miles apart.

This, of course, might be defended on the old argument about supply and demand and that the lower price sale was at a ridiculous figure. On the other hand, it is hardly in tune with modern notions about proper treatment of the investing public. Nor is it likely to benefit the brokerage business or promote the development of a great new industry.

Protection For Investors

In the marketing of royalty certificates or units the terms of the royalty agreement and ability of investors to understand them are both highly important.

The Alberta Petroleum Association and the Ontario Securities Commission, which have been working out a uniform type of royalty offering for sale in Ontario, have decided to require that all the essential details of the agreement are printed on the face of each royalty certificate. This is to protect the investor from his own lethargy in failing to examine the document itself, lodged with a trustee.

The new standard form of royalty certificate agreed upon also requires that it carry on the face: "The amount of unsatisfied and outstanding preference at date of this certificate is $..... per unit." That means, in the hypothetical case outlined above, that $3,000 has to be paid back on each royalty unit of that denomination before the entire capital outlay has been returned and before the bonus royalty of the promoter in this case his 18%, begins to share equally in the profits.

Profit to the investor is in the money which he continues to receive after the $3,000 original payment has been returned. The speculative nature of royalties rests on the varying guesses of how much the additional return will amount to.

It is easy to see the importance of keeping that figure up to date, since it changes monthly and with it changes the real value of the royalty. Dim understanding of this point by the public offers the unscrupulous salesman an unusual opportunity for selling an old nag as a young horse.

Price Fluctuations

Price fluctuation in oil royalties is relatively slight, hence, they are not very attractive to the speculator. The intrinsic worth of an oil royalty decreases daily—with the depletion of the well—and though depletion is also the characteristic of mining stock investment, a declining form of investment is contrary to the ambitions of the average market speculator.

One essential in the purchase of an oil royalty is close examination.

The trust agreement, for instance, is of vital importance to the individual. From that agreement he can find out precisely what the terms of his investment are and whether the agreement is calculated to give him a fair return for his money or is overloaded to the advantage of somebody else.

Also stated on the face of the new approved uniform certificate are the amounts which may be deducted for operating and other expenses, including the amounts that are to be paid for management, directorates and so forth.

Seek Flexibility

It is recognized that a weakness of some earlier trust agreements was that they made these costs too stringent; that there was no provision for expenditures which would clearly protect or improve the investment, such as for acidization. New trust agreements are making provision for expenditures of this nature. After all, the Canadian oil production industry is young and has lots of things to learn by sad experience.

One objection frequently voiced relates to the welfare of the industry as a whole.

Because the entire profits of the operation are being paid out regularly, the company never acquires a reserve, or any corporate continuity. In other words, the typical royalty company is formed for the drilling, operation and profit-making out of only one well. When that well is finished, the company is finished.

It is argued that this lack of continuity is less beneficial to the continued and planned development of the industry than with companies based on the usual common stock setup which can build up reserves and which are not doomed to collapse with the death of a single well. It is argued, too, that royalty companies are not in position to go out and acquire and exploit promising new areas as would be possible for common stock concerns.

The royalty holder, getting his capital back in a monthly dribble is continually confronted with the problem of new investment, if he is of strong character. If not, his original capital is readily dissipated in spending dn current needs. In other words, the monthly royalty payments are easily regarded as income rather than as return of investment.

Common Stock Role

It has been important to the development of the oil industry that there have been many common stock companies in the Alberta oil picture. It is they which have been able to collect capital and keep funds on hand for going into new areas notably for extending the known Turner Valley field. They have largely carried on the immensely necessary wildcat drilling which is the only way the economic handicap of Alberta oil will be completely solved.

The common stock companies are giving a continuity to the development of the oil industry. Otherwise it would have to depend on the zeal of constantly shifting groups of promoters, continually forming new companies for new specific drillings.

For income and safety the wisely and intelligently bought royalty has a great deal to commend it for the individual. Royalty units are usually either 1% or one fortieth of 1%. In either case the sum involved is likely to be a sizeable sum—a sum greater than the amount that a "small" investor should put into any one enterprise. But for the investor who knows definitely what he is doing, who realizes clearly his responsibilities in this form of purchase and for whom it will not represent too many eggs in one basket, royalties will merit respect.

Wildcats

(Continued from page 11)

its own road some 28 miles to the property, a fault which has tended to limit activity to a fairly short season.

Equipment Trouble

There has been a lot of trouble with equipment at the well and the formation has created many tedious problems. Now down around 6,800 feet, the gas pressure has become so great that twice recently the old-style cable-tool rig has been hurled out of the hole, leaving a slow, expensive job of fishing for cable to be done.

Geologically, indications are reported excellent, and the company consulting engineer, J. "Pete" Sanderson, is rated one of the top-notch men in the field.

Getting right down to business, the company is now planning to put the modern rotary type drill on the job. It is expected they will reach the limestone (usual oil-bearing) formation at about 8,000 feet.

An important producer at Brazeau would have great significance for the oil producing future of the Dominion

Pouce Coupe

One wildcat operation all oil operators are watching with the deepest interest is at Pouce Coupe.

The field itself offers very interesting possibilities but it is the operator who has undertaken to develop it which has most to do with putting it in the forefront of interest.

The operator is the fabulous team of Benedum and Trees, the tremendously rich wildcatters of Pittsburgh, who have spent a lifetime drilling expensive holes in any part of the world that gave a hint of oil.

Result is that Benedum and Trees have oil interests in many parts of the globe and have the most spectacular oil-welling history of any operators in the world.

Great Possibilities

With vast wealth, a crack organization and a genius for smelling out crude, Benedum and Trees this year pounced on 160,000 acres in the Pouce Coupe field—about 250 square miles.

Michael Benedum, now 70 years old, is the man who pioneered billions of dollars fields like West Texas, Columbia, the Tampico field of Mexico, and the Roumanian fields, eyed by Hitler.

Announcing his entry into the Canadian fields elderly, colorful Benedum announced: "Oil is empire. No one knows what's coming in the world. If the democratic states come to grips with the totalitarian states, oil may well spell the difference between defeat and victory. If we find oil up there in the north in great quantities, that oil may some time determine the mastery of the Pacific and the East."

Pipe-line Plan

Meanwhile, Benedum started a drill on the unfinished Guardian well. His six-foot-three janissary, J. E. Morrow, of Pittsburgh, who has been working with and for Benedum and Trees for about 15 of his 40 years, is in charge.

They are now drilling in the lime which means that some result will be known before very long.

Very important in the Benedum and Trees plan is construction of a pipe line to the Pacific coast if the structure pans out. The Monkman pass through the Rockies opposite the Pouce Coupe field is the lowest in the mountains and is very superior to all other routes for a pipe line from an engineering and economy point of view.

With their own pipe line to the Pacific coast and with vast connections in the world of oil, Benedum and Trees would not have to play ball with the one or two big crude oil purchasers in the Canadian picture. What is more, the Benedum Trees pipe line might be very important in providing an outlet to the sea for a good many other independent oil wellers, especially in the northern part of the province.

Government Survey

One very interesting piece of potential wildcatting is the present activity of the Pattullo Government in B. C.

Snatching time by the forelock, the B. C. Government did not wait for private interests to investigate likely looking oil ground opposite Pouce Coupe on the B. C. side of the boundary. Accordingly, the Government got together a group of first rate geologists and sent them out prospecting this summer.

How promising oil land would be exploited is not clear—whether by lease to private interests or by the Government. It has been pointed out that some might be smitten with alarm and hostility should a Government enter the wildcatting business.

But for those interested in the speedy and healthy development of the crude producing industry, the forthright zeal of the B. C. Government plus the potential pipe line of Benedum and Trees, which would probably cross a B. C. oil field, is fraught with importance

Steveville

The Steveville structure toward the southeast is still one of the big question marks in Alberta wildcatting.

It has had a lot of good geological work done on it. It has had some expert drilling. But it has turned in a couple of duds; at least so these wells still seem.

Toward the end of 1938, Anglo-Canadian took on about 42,000 acres of Steveville ground out toward the famous bad lands of the Canadian West. Drilling is relatively low cost because of the shallowness of the structure. Two wells were drilled to completion at around 3,200 feet. Both gave considerable gas with some crude oil and naphtha.

Disappointing Results

Anglo-Canadian followed these results with the announcement that it would drill a third well; that the failures were the result of technical troubles. Anglo took a share in the drilling of the Rainy Hills well on Steveville and since it too proved a gasser, no more plans for Anglo drilling have been heard of.

While the Anglo results on Steveville were regarded by some as the last word on the structure, some other capable interests did not think so.

Standard Oil of British Columbia, subsidiary of Standard of California, which in turn is subsidiary of the great Standard chain of world oil fame, is no innocent in the oil world. Standard has bought a lot of good brains and has a world of experience.

Hence, its decision to have another look at Steveville and to drill a well is strong support for the view that the Anglo results did not tell the whole story.

Anaconda Oils is commencing another test of this structure and its drill it now down about 3,500 feet. The Standard well here goes under the romantic name of C.P.R. Princess No. 1.

Argus Test

One Anglo drilling, the Argus, almost qualifies as a wildcat. Located on the Turner Valley structure, Argus was well up in the centre of the field which has got little drilling so far and which never responded well when it did.

Importance of the Argus test was that if successful it would likely prove up a big new area in central Turner Valley, stimulate drilling all around and make the big middle area in the Turner Valley field productive. (At present, some 80 wells are clustered together in a few miles in the south end of the field; another few wells are far in the north end, with only the recently successful Anglo 8 in the middle to tie the field together.)

Anglo is also wildcatting on the Savannah Creek structure, southwest of Turner Valley in the Crow's Nest Forest Reserve, where the company got rights on 20,000 acres. The well is down about 3,000 feet.

Other Exploration

Anglo also gave its 2,300 acres of ground at Castle River, down near the B.C.-U.S.A.-Alta. border a try. After the hole was put down quite some way serious structural faulting was revealed which dispelled important oil production hopes, so the attempt was abandoned.

The Milk Dome (s.e. of Lethbridge) field was tried by Anglo, but the hole encountered water at around 2,500 feet and both well and acreage were abandoned.

Anglo acquired rights over 32,000 acres on Twin Dome structure, and drilled a well to beyond 7,100 feet. Results were negative on this well but the company felt strongly that it had not "killed" the field. It announced that it would defer further activity until some scheme for a thorough seismograph study could be made, probably sharing the expense with some other interested group.

Royalite Holds Aloof

It is of interest that Royalite, the Imperial Oil subsidiary, is doing no wildcatting at all, though, in the proved Turner Valley field it has the largest drilling programme of any operator. Company policy is evidently to leave the pioneering to others.

One strong young group which is playing an increasingly important role in the expansion of the crude producing industry is Franco Oils Ltd., one of the many interests of that dynamic young entrepreneur, Walter F. Thorn.

Franco Oils operations are directed to both Alberta and Saskatchewan ground. Because of the particular significance of the type of field Franco and others are developing—with marked success so far—it will be discussed in a separate article.

Another test being watched with interest is that now being made on the Spring Coulee structure by E. L. Cord, the motor magnate from Los Angeles. The well here is now close to 6,000 feet.

The Del Bonita field, far to the south, almost on the U. S. border, is being drilled by Terminal Oil Co., of Washington, headed by Los Angeles interests.

Ram River Oils, which has an extensive property in an unsurveyed section of a Rocky Mountain Forest Reserve, is planning to drill a second well in the near future. It drilled a well from which the results were disappointing, but further geological study has been made and the site for Well No. 2 selected. Geologists explain that the first well, which encountered a major fault, was located on the eastern fold, whereas the new well is on the west fold, a site geologically similar to that of the Altoba well on the Clearwater River to the south.

Moose Dome, Clearwater

Canyon Oils (president, C. S. Clark, of Calgary), has extensive acreage on the Moose Dome and Clearwater structures. A well partly drilled on the Clearwater structure is shut down at present.

Moose Oils, the Pilling family company, owns some 10,000 acres on the Moose Dome structure, which is believed unique in two ways. First, millions of years of geological history can be plainly seen on the bare sides of the sharply defined plateau. Second, the well which was drilled some years ago and which is now capped, is the only one in Alberta producing from the Devonian limestone formation. This is much younger, geologically, than the formations from which most Alberta oil is being drawn.

Roxana Petroleums has leases on some 18,000 acres in various Alberta structures. It started drilling a well last year on the Kootenay Dome structure but shut down because of technical difficulties, it is understood. Drilling has been resumed this year and the hole is now well past 5,000 ft.

Alberta Pacific Consolidated Oils holds acreage on more than a dozen structures and has just recently started a well on the Sheppard Creek structure.

Three wells are being drilled on the Taber field. North Taber Royalties has shut down at 3,000 ft. Border Petroleums has its well to 3,465 ft., which should be close to finishing for that field. Nobel Drilling and Industrial have just got going.

One interesting and long delayed operation embraces the two tests now under way on Watson Valley and Waite Valley, both being done by Mar Jon. On the Watson, the well is now down beyond 8,000 ft., at Waite Valley only to around 2,000. National Petroleums is also drilling (now around 4,700 ft.) on the Waite Valley.

Plans Shaping Up

The operations outlined are only those actually in progress at present. Several companies have announced extensive plans for other work to get under way shortly.

Standard Oil of British Columbia, in addition to its big acreage on Steveville, has 65,000 acres on the Ross Lake structure, near the U. S. border, and 28,000 acres on the Clearwater. Presumably either or both of these will be tested before very long.

British Dominion Oil and Development Co., recently put under new management representing wealthy U. S. interests, has just announced exploration programme involving five oil fields. Lloydminster, Willow Creek, Moose Dome, Vermilion and Huron county, in the Province of Ontario.

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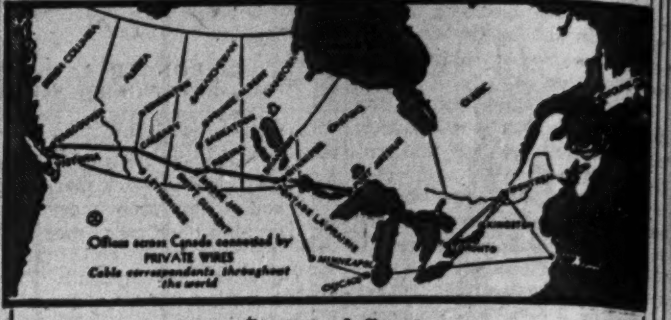

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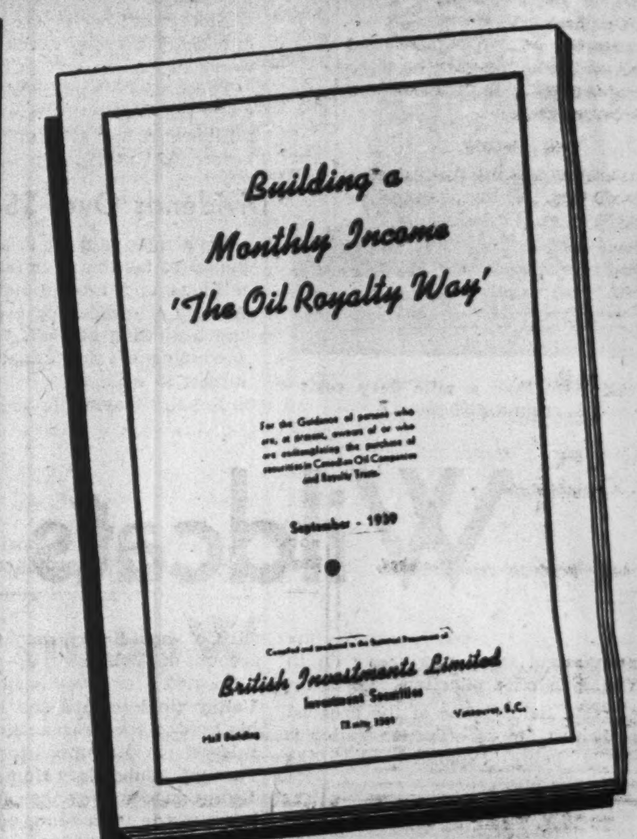

Building a Monthly Income 'The Oil Royalty Way'
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Commonwealth Petroleum Limited
Listed on Montreal, Toronto, Vancouver and Calgary Exchanges
Authorized Capital 2,000,000.
Issued 1,851,309.
Owns 487,610 shares of Commoil.
Owns 992,688 shares of Command.
Owns the entire capital stock of Commonwealth Drilling Company Limited.
Commonwealth has entered the dividend paying class having paid .02c. per share on July 15th, 1939. It has a continuous program of development on proven acreage for its subsidiaries, Commoil and Command.
F. F. Reeve, President & Managing Director.

Commoil Limited
Listed in Toronto, Calgary and Vancouver Exchanges
Authorized Capital 1,500,000.
Issued 970,187.
Its two wells have produced $736,985.28 worth of oil to date, number one well having been in production two years, and number two well in production over a year. This Company has paid $164,802.74 in dividends and has a continuous dividend policy. It has selected a site for its number three well, which will be started shortly.
F. F. Reeve, President and Managing Director.

Command Oils Limited
Its number one well has been in production for eleven months and has produced $113,234.00 worth of oil. Its number two well should be in production in about two months.
F. F. Reeve, President and Managing Director.

Commonwealth Drilling Company Limited
This Company was formed to develop the properties of Commonwealth and its subsidiary companies. It is nearing the completion of its first well (Command No. 2) and has entered into a contract for the drilling of Commoil No. 3. It has proven a profitable asset to the Commonwealth.
F. F. Reeve, President.

COMMONWEALTH PETROLEUM LIMITED
F. F. Reeve, President and Managing Director
Gordon J. McKay, Secretary
Head Office
4 CLARENCE BLOCK, CALGARY, ALBERTA

Prairies May Witness New Oil Development

Franco Oils and Others Now on Important Tests

Special interest attaches to the oil development work now going on in several fields straddling or close to the Alberta-Saskatchewan boundary. In addition to adding importantly to the size of the crude oil industry, these operations are significant in two ways:

First, early indications suggest that oil produced in this area is likely to be a different type from that produced in Turner Valley and other foothill structures; a type that is heavy in bottoms, suitable for heavy oils of the lubricating and fuel oil type as opposed to the gasoline type of crude which comes from Turner Valley. This would indicate possibility of a fully integrated producing and refining industry.

Important Beginning

Second, these tests are also significant for what they may lead to in the future. Some of the great world oil pools, such as East Texas, have formed along the edges of some prehistoric, long forgotten lake. Geologically, chances seem good that somewhere along the edge of the prairies, some vast oil reservoirs can be tapped. Because there are no rock outcrops to give the scientist any clue as to where he should drill, little could be done in the past. Now the new, and rapidly developing science of the geophysicist gives hope that these potentially stupendous areas can be investigated and the almost impossible task of blind drilling over millions of acres will never be necessary.

Gas Heating

Currently pioneering in this work is Franco Oils, Limited, headed by Walter F. Thorn, of Saskatoon.

One of the significant indications of what may be ahead was the drilling last fall on leases owned by Vera Oilfields, Ltd., which controls some 21,000 acres.

One important phase of the Franco activity is its plan to provide natural gas for a heating system in Saskatoon. Negotiations with Government officials have been in progress for some months and it is expected the franchise for this development will be granted. Included in the plan for eventual development is extension of gas pipe line eastward from Saskatoon through Moose Jaw, and Regina to Winnipeg. Since these parts of the Dominion have a house-heating problem that lasts about two thirds of the year, it is felt that the potential market for economical gas heat is great.

Ready to Finish

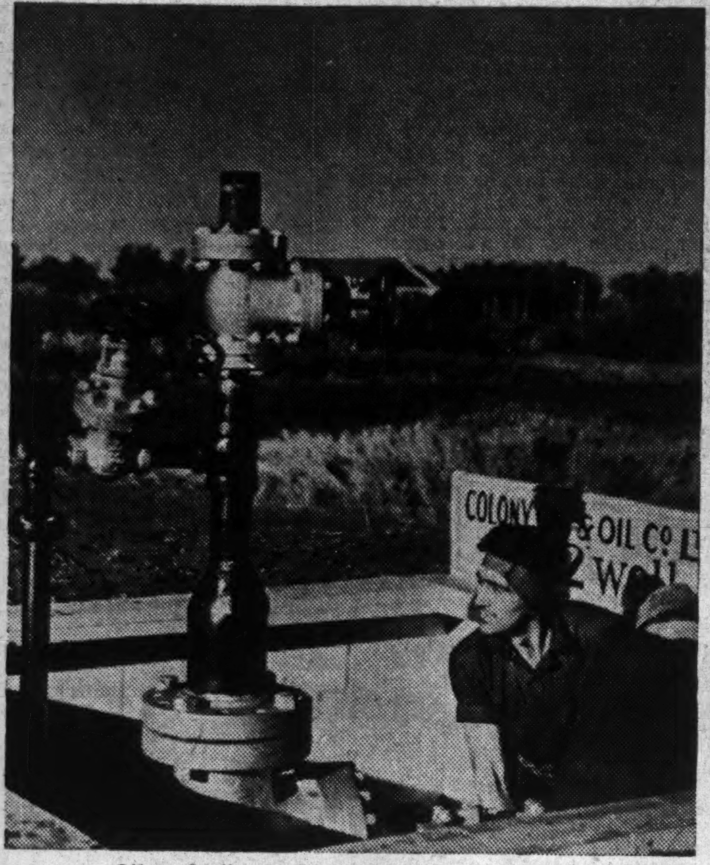
There has been some governmental stalling on granting Thorn the Saskatoon franchise, but officials are understood to have tested the Thorn gas supplies to their own satisfaction and to be satisfied that Thorn interests have lined up enough money, mainly in the United States, to finish the job. Hence, it is expected that the Saskatoon franchise will go through very shortly.

At present, Franco Oils controls a daily gas flow of around 116 million cubic feet. This comes from seven wells in the Lloydminster field and one in Vermilion, this one being the largest with an estimated flow of 40 million cubic feet under terrific pressure.

Search for oil and gas fields in the Province of Saskatchewan has recently entered a completely new stage of development.

Spasmodic attempts have been made for many years to drill for oil and gas in the province. Most of these attempts have ended in failure, largely because of the lack of adequate finances, lack of expert knowledge of oil welling and lack of co-ordinated efforts. Sites for two wells selected by competent geologists brought success.

In 1932, the Province of Saskatchewan amended legislation so as to require the driller of any water well to submit for examination samples of his borings encountered from the surface to the bottom of the hole. Since most of the southern part of the province is covered with glacial drift varying from tens to hundreds of feet in thickness, the information is proving of great value to oil and gas interests. These records kept are available to anyone with oil development plans.



Oil production is cheap—once the hole is down.

The first large commercial and natural gas well in Saskatchewan was brought in in 1934 near Lloydminster.

The heavy crude-type of oil produced in some of these wells should have an extensive local market if properly developed for heating, firing boilers, oiling roads and perhaps providing the raw material for the development of some sizeable industries in the asphalt and bitumin product business.

Should the supply of this heavy crude prove to be of major importance, it might have particular attraction for British Navy use, since it is the type which is purchased for their ships.

Long scorned as of minor importance, the Saskatchewan field has recently attracted the interest of such leading oil geologists and operators as Dr. G. S. Hume of the Dominion Department of Mines and Resources and W. F. Anode. former Chairman of the Alberta Conservation Board, now a consulting engineer in Calgary.

Still Prospecting

Although it has been known for years that there was gas in these areas, work is still literally in the prospecting stage with wells widely separated. Important geological and seismograph work has been done and since about five wells ($20,000 each) can be drilled to completion in this area for the same cost as one well in Turner Valley, development is moving rapidly.

Lloydminster is the most developed of these fields to date. Here Franco controls the output of seven companies, Colony Gas and Oil, Northern Utilities, Triangle Gas and Oil, Dina Oil and Refining, Lloydminster Gas, Lloydminster Roayalties and Shaw Petroleums.

Colony No. 1 well, some two miles south of the Lloydminster town, is running about 39 million cubic feet of gas daily. Colony No. 2 well, about a mile south of No. 1 runs about 11½ million feet and Colony No. 3 well runs between 25 and 50 barrels a day of a heavy crude oil. The company is selling about $1,500 worth of gas in the district annually, controls 5,000 acres and has its own drilling outfit.

Gas and Oil has one well producing 1 million cubic feet daily and a second well a few miles away on the point of completion.

Dina Oil and Refining has three producing wells and leases covering 1,500 acres. Its No. 1 and No. 3 wells produce around 30 barrels of heavy crude daily and its No. 2 well about 700,000 cubic feet of gas.

Northern Utilities

Northern Utilities is producing all the gas required for the town of Lloydminster, its No. 1 well estimated to be running about 8 million feet of gas. Its acreage is quite limited.

Lloydminster Gas No. 1 well has performed on test to the tune of 16½ million cubic feet of gas from around 1,950 feet. Its No. 2 well, about a mile to the east, did not produce though drilled to 2,275 feet.

Shaw Petroleums

Shaw Petroleums No. 1 well is estimated to run 9 million feet of gas. No. 2 well is a crude producer running some 250 barrels of heavy crude from around 1,756 feet per day. It is expected that this well will have to be pumped for regular production, although there is said to be a good chance that when properly cleaned it will flow under its own pressure. Its No. 3 well is now being drilled.

Lloydminster Royalties No. 1 well is reported to have a potential daily production of 200 barrels of heavy crude. It is being pumped.

In the Vermilion field, 45 miles west of Lloydminster, Franco controls the production of Wain Town Oil and Gas and Battleview Oils.

A Big Well

The Franco-Battleview No. 1 well was brought in about 24 miles southeast of Vermilion two years ago as one of the largest gas wells ever tapped in Alberta. Its flow was estimated at around 440 million feet. The F.-B. No. 2 well, six miles southeast of Vermilion, has not yet had an official test but its potential in heavy crude is estimated at around 200 to 300 barrels a day. A pump has been installed. The No. 3 well is just being drilled.

Franco holds leases on some 21,000 acres in the Unity-Vera field, some 60 miles southeast of Lloydminster. Already preliminary drilling has struck good flows of both gas and oil in this area. Some water trouble was encountered but it is believed this can be successfully overcome.

Franco is also drilling in southern Alberta—near the prosperous Mormon settlement of Cardston. This well is now down to around 5,000 feet. A second well is being drilled some four miles away, on what is known as Little Turner Valley structure.

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Western Canada Oil is Big Business

(Continued from page 11)

your well might have produced. Consequently drilling costs are kept down to an economic minimum. There is no sudden rush of oil on the market which clogs it and spoils profits for everybody. There is no problem about enforcing a scheme of gas conservation; of forcing operators to protect their wells against too speedy flow.

A steady flow of oil that will keep on flowing for many years is what the purchasers of crude oil must have. Development of an entire structure by one operator is the best and most profitable way of achieving that end. Alberta operators learned that lesson fast.

But another major oil field in Alberta would almost at once solve the so-called marketing problem. As soon as geologists, engineers and businessmen have positive evidence that there is enough oil in Alberta to keep over 600 miles of pipe filled and flowing for enough years to pay the cost of pipe line construction and leave a small profit, the pipe line will be built.

There are lots of responsible groups more than willing to build the pipe line as soon as that day of ample tangible reserves is reached. There are some, of course, who say reserves are already sufficient and evident to justify pipe line construction. They maintain delay in starting on the pipe line is wasteful and malicious. If they are right, they have only to go out and convince enough people that they are right until they collect $16 millions to $20 millions and go ahead.

In any case, the British group which visited Canada this summer ready to put up money for the pipe line, have deferred action pending further proof of Alberta oil reserves. When that is forthcoming—when an important new wildcat field is developed—these Britishers who have built several of the great oil pipe lines in Asia and the Near East are understood still ready to return to Canada, put their money on the line and get pipe line construction under way.

There are several interesting pipeline possibilities. The vice-president of Imperial Oil, R. V. Le Sueur, has just admitted that his company has been considering building a pipe line from Calgary to Regina. This would very considerably extend the present economic limits of Alberta crude. It would probably be entirely adequate to market present Alberta output pending further development and eventual extension of the pipe line to Winnipeg and the head of the Great Lakes.

Vancouver Hopeful

The Vancouver Board of Trade has put up some very strong arguments for building a pipe line from Calgary to Vancouver. The objection to that route would seem to be that the big market for the oil products that can be produced from Turner Valley crude is in eastern Canada, not on the Pacific coast. Great U.S. oil fields are on the California coast with definite marketing advantages in that whole area. A large part of the British Columbia demand is for a heavy fuel oil which cannot be produced from the present Alberta product.

One significant thing in appraising the importance of the western oil possibilities is the type of money that is already invested in it. Much of it is definitely not the kind of money that goes on wild goose chases.

Royalite, the Imperial Oil-Standard of New Jersey company, has by far the biggest investment in the field so far—over $10 millions. Its parent company, Imperial Oil, has just spent $3 millions remodelling its two big refineries at Calgary and Regina and in expanding its plant at Fort Norman. British American Oil has just built a new more than $1 million refinery in Calgary.

Their Record Impressive

Standard Oil of British Columbia, subsidiary of Standard of California, has taken extensive acreage in Alberta for test purposes. Shell Oil Co. has had several of its crack investigators working on the situation several times. Benedum and Trees in the Pouce Coupe have found oil practically every place they have gone into. Nesbitt, Thomson and Co., who have invested heavily in Anglo Canadian and in Canadian Oil Companies, a distributing organization, have been showing a very shrewd appraisal of profit possibilities recently, notably in the string of mining properties which have turned out so well.

The Browns of Calgary, father and son, have secured extensive funds for oil development from some of the cagiest investors in the Dominion and from some prominent financial groups in Great Britain. British Dominion Oil and Development has recently been taken over by representatives of big New York money which has been notably sage in the past. E. L. Cord, the Los Angeles motor magnate, who has in the past shown notable skill in making fortunes, is one of the Alberta wildcatters. These are just some of the cases that come to mind immediately and by no means concludes the list of skilled and experienced moneyed interests who are heavily betting on a big crude oil future for the Canadian West.

New Life in Ontario

Drilling on Manitoulin Island and in Huron Co.

Crude oil production in the province of Ontario may soon be getting a new lease of life.

Oil and gas wells in southern Ontario were among the first important producers on the continent. Ontario drillers and drills found their way into almost every great oil field in the world.

In recent years, oil production outside of Alberta has been coasting along, supplying old markets, but showing little or no expansion. New Brunswick oil production is worth around $25,000 a year, though its natural gas output is around $280,000 annually. Ontario oil production runs around $350,000 a year, its natural gas more than $6 millions.

North West Territories produces some gas and oil and several areas in the province of Quebec are understood to be very favorable.

New Exploration

But it appears that Ontario is going to have some new oil exploration work in the not distant future. British Colonial oil & Development Co. has just announced acquisition of property in Huron County. A Toronto group is currently arranging funds for exploration on Manitoulin Island.

In the past year, several local groups drilled wells in Huron County, apparently with some promise. It is argued that geologically the area has much in common with rich oil producing areas across the Great Lakes in the United States.

The Manitoulin Island project is attracting considerable interest. It is understood that some 30,000 acres have been lined up for testing.

The history of oil in Manitoulin Island goes back to the dim beginnings of the white man's life on this continent.

In the past 50 years as many different groups have drilled wells in various parts of the island, but mainly along the north shore where seepages have attracted attention for centuries.

In almost every case the drilling was done without much drilling or geological skill. One oil geologist who recently examined the field considers chances for success excellent. He reports that the formation is apparently a long monocline extension of the rich fields of Ohio and Michigan.

Missionaries Knew

Jesuit missionaries who first ministered to the Indians of Grand Manitoulin Island in 1648 probably knew of the presence of oil springs near the eastern end of the island. In a historical sketch, F. W. Major, says:

> "Parties in Montreal who had read in Relations des Jesuits that there existed in Manitoulin Island a mysterious spring flowing, as the Indians believe, from the entrails of the great Manitou, in which rock oil was found and cured all human diseases, started stealthily like Jason in pursuit of the Golden Fleece and they landed at Wekwemikong."

The statement has never been really confirmed but it is deemed likely, according to M. Y. Williams, of the Dominion Mining Resources Staff, that the missionaries directed the early oil seekers to the oil springs near Wekwemikong on South Bay.

Oil on Water

This spring is located just east of Sturgeon Point and about ten feet from the water's edge. The surface of the water, investigated not long ago, was said to be covered with a thick coating of oil. The farmer owner of the land where it was noticed states that one winter he saw a spring of oil coming up through the ice near the centre of South Bay. A similar showing of oil was reported seen by an Indian near Ten Mile Point.

The first serious geological work on Manitoulin Island was done by Alexander Murray over 90 years ago. Other investigations followed in 1861, 1863 to 1866, 1907, 1912, 1915, 1916 and in 1920 and in 1935.

There have been no less than 72 wells drilled at various times and at various locations in Manitoulin. Some of these records give potentially valuable drilling information, but in most cases no log was kept. One old well is reported drilled to about 300 ft., 68 years ago, and to have struck oil.

Wells Put Down

The Manitoulin Oil Co., organized in Montreal, put down five wells near the site of the oil spring on the south side of South Bay some years ago. Some wells yielded small quantities of petroleum but the supply soon ceased. It is reported that the company gave up its operations because of trouble with the Indians.

In 1905, the North Oil and Gas Co. of Chicago drilled six wells about two miles southeast of Wekwemikong, three being small producers and three dry holes. Several other wells were drilled in the Wekwemikong Indian Reserve with indifferent results.

In the southern part of the Town of Gore Bay in 1909 four wells were drilled. Two produced about 100 barrels of oil between them, one was abandoned, the fourth was dry. One of the more recent studies of Manitoulin Island oil possibilities suggests that of the various potential structures the Gore Bay appeared to merit first attention.

Second Inter-State Royalty Reports on Investments

From Our Own Correspondent

MONTREAL.—Second Inter State Royalty Corp. reports that at Oct. 31, 1939, investments in oil royalties had a book value of $226,286.

Gross revenue from royalty income since acquisition amounted to $75,248 up to the end of last September and the reserve for depletion $20,693. During September the corporation had a gross royalty income of $1,060.

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ACREAGE

The Company owns or controls various blocks of oil lands which have been carefully selected, properly geologized, or are in some measure proven by nearby development. At the present time the Company's properties are located in the following areas:—Turner Valley, Whiskey Creek, Moose Dome, Jumping Pound, Kootenay Dome, Steveville, Willow Creek, Lloydminster, Pouce Coupe and Vermilion, totalling over 7,800 acres.

Other Assets: Including cash in bank, 1,150 shares Royalite Oil Co. Ltd., machinery, casing, equipment, etc. .... of which $83,500 are quick and realizable.	$119,875.70
Current Liabilities:	159.63
Outstanding Share Options:	
275,000 Nov. 15, 1939, to net Company	$ 32,750.00
225,000 Dec. 31, 1939, to net Company	32,250.00
25,000 July 26, 1940, to net Company	3,750.00
	$68,750.00

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Franco-Battleview No. 2

FRANCO
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Oil pool at one of the wells recently brought in by FRANCO's current drilling programme. Expertly managed, this development drive has in the last 60 days added an estimated 10 million feet of gas daily and 600 barrels of oil in Saskatchewan and border areas—indicating a potential new source of crude oil in Canada.

Oil Producers Pay Over $2 Millions Dividends

Some 24 Companies Pay Big Sum to Investors

Alberta oil producing companies this year will pay more than $2,200,000 in dividends to shareholders.

Royalite Oil Co. is by far the largest dividend payer in Canadian oil production. A subsidiary of Imperial Oil Ltd. and with the backing, wealth and world experience of Standard of New Jersey, Royalite has long been the dominating company in the field. Because of its extensive and growing drilling campaign that leadership is likely to continue.

At the present time it has 13 producing wells and six more wells drilling. In addition, it has some 60 wells capable of producing gas or naphtha. It also has an interest in some other crude oil wells. A thoroughly integrated enterprise, it has holdings on some 10,000 acres, has its own technical staff and drilling apparatus and owns two absorption plants.

Until recently, it owned the only pipeline connecting the Turner Valley producing area with Calgary, where the refineries are located. High line charges on the crude oil handled for other operators created an agitation which resulted in this pipe line being taken away from Royalite, declared a public carrier and in rates being reduced from 13 cents per barrel to nine cents.

Under present production schedules, wells of Royalite are producing 4,602 barrels per day compared with the total of 26,000 barrels per day produced by the entire field.

The company has been showing a steadily advancing earnings capacity in recent years rising from earnings of 16 cents per share in 1932 to $1.60 in 1937 and $1.80 in 1938. The highest earnings of the company were in 1929 when it earned $2.32 per share. Since that time, of course, crude oil has been discovered in Turner Valley. Its operating income has been increasing and should show a further gain for 1939. The company has over $2 millions invested in Dominion of Canada bonds and has an important contract for the delivery of natural gas to a Calgary distributor, The Canadian Western Natural Gas, Light, Heat and Power Co. Ltd. Dividends of $1 per share plus extras of 50 cents per share have been paid in each of the past four years. With 716,387 shares issued the company will this year pay out $1,060,000 in dividends.

Next biggest dividend payers are the group of companies linked with Anglo-Canadian Oil Co. Ltd. Anglo-Canadian Co. directly and through subsidiaries and associated companies is engaged in the production and refining of petroleum and in drilling and exploration work and at present is one of the most active and largest operators in the field. It has five producing crude oil wells owned directly and 11 owned by subsidiary companies. It is drilling about nine wells both in Turner Valley and on outside structures.

The company has a refinery at Brandon, Manitoba, which went into operation in May, 1938. Its capacity was increased early this year.

A subsidiary company, Drilling Contractors Ltd., owns up-to-date drilling equipment capable of 15 wells a year on deep structures, such as Turner Valley, and 25 or 30 other wells on shallow structures.

The company is headed by H. R. Milner, K.C., a key figure in the western Canada oil and utility business. A. J. Nesbitt of Nesbitt, Thomson and Co., Montreal, is a member of the board, and has been active in financing of the company. Since his company's acquisition of Canadian Oil Refiners Ltd. a refining and distributing company with a chain of service stations and other retail outlets, it has been surmised that Mr. Nesbitt would be linking the two companies together, which would establish a fully integrated oil enterprise.

The year 1938 saw Anglo-Canadian swing into prominence. Since then, its advance has been rapid. So far it has not paid dividends directly though many of its subsidiaries have done so.

Coronation Royalties Ltd., which came into production July 1, 1938, and has gross royalties payable totalling 25%, paid $16,000 in dividends in 1938. So far this year, the company has paid $32,000 in dividends.

Firestone Petroleums Ltd. well came into production Nov. 4, 1937. It has gross royalties payable totalling 25%. In 1938 the company paid in dividends $56,250 and this year has paid so far $31,250. Since the company owns only 40 acres at present and conservation regulations permit the drilling of only one well on 40 acres, Firestone will not be able to expand on that territory.

Frontier Royalties Ltd., another company on the same basis, came into production June 11, 1938, and is still one of the largest producers in the field, turning out under the present schedule 459 barrels a day. In 1938, the company paid $135,000 in dividends and so far this year $60,000.

Foundation Petroleums Ltd., No. 1 well came into production Dec. 2, 1936. The Turner Valley property of the company permits only one well but the company has extensive acreage in unproved areas in Pincher Creek. At the present time its Turner Valley well is one of the smaller, producing only 100 barrels a day. In 1938 the company paid $40,700 in dividends. Dividends for this year have been $17,250.

Monarch Royalties

Monarch Royalties Ltd. No. 1 well came into production July, 1937. At present owning only 40 acres, its corporate life and profits depend entirely on this one well. So far the company has paid $116,250 in dividends but payments in 1939 will be considerably less than in 1938. Production on the well is now being reduced to one of the lower allowables.

Spy Hill

Spy Hill Royalties Ltd. brought its No. 1 well into production in March, 1938, with a rated capacity of 150 barrels a day. The well is now producing 50 barrels daily and no dividends have been paid, officials explaining that deliveries permitted under Conservation Board rulings are hardly sufficient to cover operating expenses, which include gross royalties of 20% payable to Okalta Oils Ltd. and 10% to the Alberta Government, a royalty liability now regarded as too big a burden for profitable wells.

Sundance

Sundance Royalties is another of the 40-acre Anglo-Canadian companies. Its well blew in May, 1938 and is now producing in the middle bracket, 421 barrels per day. Dividends in 1938 were $65,000. Dividend payments in 1939 have so far totalled $99,241, making a total of $164,241, which was the total cost of drilling the well. Subsequent dividend payments only will represent profits.

The Brown Group

The next extensive group of oil companies which have paid dividends are those commonly known as the R. A. Brown group.

Brown Oil Corp. owns four producing crude oil wells in Turner Valley. The company also owns extensive leases on potential oil lands and certain drilling rights, both directly and through a subsidiary. No. 1 and No. 2 wells came in Sept., 1937, No. 3 was one of the very rare dry holes in Turner Valley, No. 4 came in April, 1938, No. 5 Oct., 1938 and No. 6 has been drilled to about 9,000 feet.

These four producers are, on the present rate, running about 994 barrels per day. So far, dividends have been paid only on the preferred stock. In 1938, they totalled $18,900. A similar amount has been paid so far this year, bringing the total dividends paid to date to $37,800.

Vulcan-Brown Petroleums Ltd. has a 40-acre property in Turner Valley. Its No. 1 well was completed June, 1938, and is still the third largest producer in the field, at 652 barrels daily. During 1938, it paid a total of $36,000 in dividends and so far this year $32,000.

Four Star

Four Star Petroleums Ltd. well was completed in Oct., 1937. Its current production is in the lower bracket at 185 barrels daily. The company paid $30,000 in dividends in 1938 and $20,000 so far this year.

Royal Crest

Royal Crest Petroleums well came in Oct., 1937 and is now producing 175 barrels daily. The company has enough property for only one well. It has paid $14,250 in dividends in 1938 and the same amount in 1939.

The Brown interests are connected with many other oil operations in Turner Valley.

Calgary and Edmonton

The Calgary and Edmonton Corporation is a great land holding company to which the Dominion Government made extensive surface and mineral land grants in 1891, when it was formed by English interests to construct the Calgary and Edmonton Railway. The English company disposed of the surface land from time to time, but retained the mineral rights. In this way, C. and E. is one of the great potential oil interests in western Canada. Its total holdings are 1,150,000 acres. Only a part is in Turner Valley, but they extend to several other potential oil bearing areas. More than 25 crude producing wells are now located on C. and E. land. The company does no operating directly, most of its revenue being derived from royalties retained when leases are granted. Its dividend payments in 1937 were $120,755 and in 1938, $193,208. It is expected that some distribution will be made this year.

McDougall-Segur

McDougall-Segur Exploration Co. of Canada holds 2,366 acres of oil and gas lands in Alberta and two small producing wells. The company's chief strength now lies in its investment holdings in various Canadian oil and mining ventures. It is one of the pioneer companies in Turner Valley developments and one of the few to survive and retain its identity to the present time. The company's policy at present is to lease its holdings to other companies for development retaining royalty interest. President is John I. McFarland.

In view of the current interest in wildcat structures the company's holdings outside Turner Valley may have real importance. On the Jumping Pound structure it holds 960 acres. In the Millarville structure 160, in Savannah Creek 600 acres, in Twin Dome 80 acres, on the Watson structure 160 acres and in Willow Creek 406 acres.

Among the larger investments of the company are 4,400 shares of Royalite oil, 30,000 of Royal Crest Petroleum, 246,083 shares of Sunset. It has extensive royalty holdings in some good producing wells and other unlisted mining and oil stocks. An initial dividend of 1 cent per share was paid at May, 1939. A total distribution of $28,686.

Model Oils

Model Oils Ltd. owns two small producing wells in Turner Valley No. 1 now running 100 barrels daily and No. 2, 18 barrels daily. Its No. 3 well has been shut down as a gasser. The company holds important investment interests and 4,742 acres on various potential oil structures including Steveville, Moose Dome, Elbow, Ranchmen's, Watson and Red Coulee. The company paid its first dividend in 1931. Its distribution in 1937 was $29,865 or 3 cents per share. In 1939 it has paid 4 cents per share or $40,000, none in 1938.

Davies Petroleums

Davies Petroleum Ltd. has three producing wells in Turner Valley and holds over 2,800 acres of developed or potential oil lands on various Alberta oil structures.

No. 1 well was completed March, 1938 and is now producing 276 barrels daily. No. 2 well was completed Sept., 1937, and is now producing 200 barrels daily. No. 3 well suspended drilling at over 3,000 ft. but may be resumed. No. 4 commenced production Oct., 1938 and is producing 350 barrels daily.

Dividend distributions of the company so far total $32,000. For the year ended Jan., 1939, total revenue from oil was $426,260 and royalty payments total $229,724.

Prairie Royalties

Prairie Royalties is another 40-acre property with one well, which went into production in Oct., 1937, its potential flow then being officially given at almost 1,500 barrels of crude oil daily. Its present allowable production is around 350 barrels daily. During 1938 the well paid $175,000 in dividends and in 1939, so far $68,250, or a total of $243,250.

Granville Oils

Granville Oils Ltd. is operated by Vancouver interests headed by J. Y. McCarter. It holds 40 acres in Turner Valley. Its well came into production in Oct., 1937 and is now producing 105 barrels daily. It has made two dividend distributions this year, the first so far, totalling $7,098.

Commonwealth Pete

Commonwealth Petroleum Ltd. holds leases on potential oil lands in various Alberta fields. Its chief interest currently lies in investments which include substantial holdings in Commoil Ltd. and Command Oils, as well as income producing oil royalty interests and various miscellaneous holdings. Net profit for the year ended May 31, 1939 was $48,990, or earnings per share of 2.65 cents. Its first dividend distribution was in July of this year, $37,026.

Commoil Ltd.

Commoil Ltd. owns two producing oil wells in Turner Valley and holds leases on 800 acres of potential oil lands in other parts of Alberta. Its No. 1 well was completed Oct., 1937 and is now producing 495 barrels daily. The No. 2 well was completed Aug., 1938 and is now running 376 barrels daily. In 1938 it paid a total of $116,773 in dividends and in 1939, $48,030. Commonwealth Petroleum owns 476,560 of the 970,187 shares outstanding in this company.

Royal Canadian

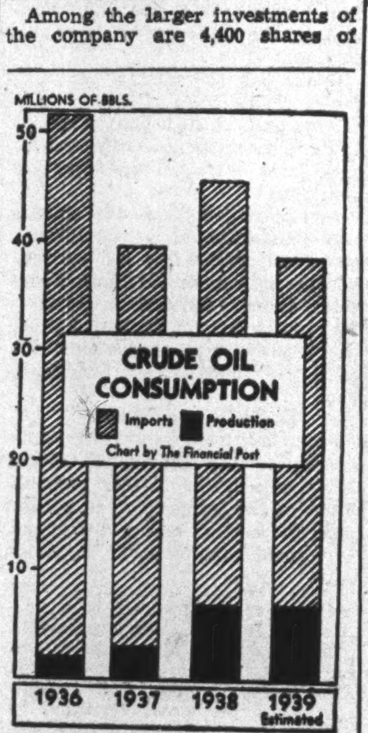
Royal Canadian Oils has 480 acres in Turner Valley and now has two producing wells, No. 1 producing 348 barrels daily and No. 2, 594 barrels daily, which makes it one of the largest in the field. No. 1 was completed Dec., 1937 and No. 2 in Oct., 1938. Its initial dividend distribution was in Dec., 1938 when it paid $21,000. In two distributions in 1939 it has paid $41,810.

Sunset Oils

Sunset Oils Ltd. has two producing crude oil wells in Turner Valley. No. 1 was completed Dec., 1937, and is now producing 497 barrels daily. No. 2 well was completed Dec., 1938 and is producing 453. The company paid a total of 9½ cents a share dividends in 1938 or a total of $159,600. Total dividends so far this year are nine cents per share or a total distribution of $151,200.

Vulcan Oils

Vulcan Oils Limited is a holding company whose principal interest is in royalty and share holdings in producing Turner Valley property. In 1937 its dividend payments were 10 cents a share involving a total distribution of $42,491. In Dec., 1938 it paid $22,496. So far this year no dividends have been declared.



Four years ago Canada's production of crude oil was practically negligible in comparison with imports. Since the entry of the western fields into the picture, however, there has been a substantial change. Almost the entire Prairie market is now supplied by the domestic output but further growth, as the chart indicates, is hampered for practical distributing facilities to other parts of Canada. Estimate for 1939 exports and production in above chart is based on actual figures for the first nine months of current year.

Imperial Oil to Build Wharf at Halifax, N.S.

Imperial Oil Ltd. has deposited with the Minister of Public Works at Ottawa plans for a wharf to be constructed on its property at Halifax, N.S. The company has an important refinery at this point and the latest work indicates extensions to existing facilities.

Complete Information on Turner Valley Oils

TO SERVICE EASTERN INVESTORS with complete information on Turner Valley Oils, Royalties (in which we have pioneered) and Western Oil Stocks, we announce the opening of our eastern office in the

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Holdings comprise two producing wells in Turner Valley.

Leases in:
Jumping Pound,
Delbonita and
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areas.

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10,000 acres on the Waite Valley Structure where NATIONAL PETROLEUM No. 3 Well is now drilling below 5,000 feet.

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CALGARY — ALBERTA

Roxana Oils Company Gathers Resources and Lays Careful Plans for a Large-Scale Offensive in

Exploring Alberta's Oil Resources
On Four Important Fronts

Plays Leading Role in Search for New Structure With Total Holdings of 17,960 Acres of Potential Oil Land

ON FOUR major fronts in the Alberta oil industry's fight to develop the rich, new structure considered so essential to the Empire at this time, the Roxana Oils Company Limited is preparing a large-scale offensive to be launched at points where even now far-reaching developments are taking place. Successful in interesting important Eastern capital in the development of its vast Alberta holdings, Roxana stands in an enviable place in the Alberta oil picture today!

Front No. 1 on the Kootenay Dome structure, where its No. 1 well is drilling at 5,500 feet, now in the Devonian limestone, Roxana owns 8,165 acres, with only the Government royalty to pay on production, and no drilling commitments . . . a rosy prospect if this important test well taps the pay horizons!

Front No. 2 on the Jumping Pound structure, where all eyes are focused these days on the Brown interests' outstanding test, now nearing the anticipated producing strata at 6,254 feet, Roxana owns outright 4,800 acres, and has a 5% royalty in the 3,000 acres leased to Brown Consolidated. And Roxana's acreage here is checker-boarded through the Brown holdings!

Front No. 3 on the Grease Creek structure, where the Imperial Oil Company is drilling a test well in conjunction with Grease Creek Petroleums on holdings of 10,000 acres, Roxana controls 4,000 acres of land, ready for development as soon as results of the Imperial test are known.

Front No. 4 on the north Turner Valley structure, where Home No. 2 came into production recently with the largest producer in Alberta, Roxana owns 800 acres of highly-prized oil land.

Dated October 25, 1939

Amply financed by large capital from Eastern Canada and the United States, Roxana faces a bright future in Alberta's immediate oil development program, with its 17,960 acres on four widely-diversified structures, and its 5% royalty in 3,000 acres of the Brown holdings on the Jumping Pound!

Roxana Oils Company Limited
809 Lancaster Building, Calgary, Alberta

DEVELOPING THE NEAREST OIL AND GAS FIELD TO THE SASKATCHEWAN CITIES

The striking of gas in Vera No. 1 at Vera, Sask., (near Unity) and the striking of crude oil in Vera No. 2 well together with considerable geological test work means that this field gives promise of developing into one of the spectacular strikes of Western Canada.

Because of the shallow depth at which crude oil has been encountered and its excellent location strategically to an unlimited market for gas in the Saskatchewan cities, as well as the city of Winnipeg, makes it one of the most promising petroleum possibilities in the Dominion.

●

VERA OILFIELDS LIMITED
3 Toronto General Trusts Building — Saskatoon, Saskatchewan
R. H. BRECKON — President.

BROWN CONSOLIDATED Petroleums Limited

THE Brown Consolidated Petroleum test on the Jumping Pound structure, 25 miles west of Calgary on which the Company owns or controls some 21,000 acres, is now drilling at 6,425 feet. This important new test is logging extremely well and the Madison limestone contact is expected at a depth of approximately 6,600 feet. By November 30th, the story of the initial test of this promising new structure should be told, and a sure indication should have been given as to whether or not the Jumping Pound is to lead the Alberta oil industry on to new heights of prosperity.

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DATED, NOVEMBER 3, 1939.

War Stirs Shipbuilding Revival

Repetition of 1914-18 Record In Present Conflict Forecast

By HAROLD HILLIARD
Staff Writer, The Financial Post

Canada's ancient art of shipbuilding is once again being mobilized.

The skill that a hundred years ago made scores of ocean coves hives of industry, which made Canada famous around the seven seas for turning out the proudest, fastest clippers lives on.

With the passing of wooden ships passed Canada's shipbuilding leadership. In 1876, 191,834 tons of ships came from Canadian shipyards. Decline set in and 1897 saw a poor 26,000 tons produced.

It was war, and the post-conflict effects, that from 1917 to 1920 brought the first important rise in the statistics. The figures follow:

Year	Domestic Use Tons	For Export Tons	Total Tons
1913	24,325	7,976	32,301
1914	46,887	8,258	55,145
1915	45,721	17,044	62,765
1916	13,497	4,529	18,026
1917	28,638	24,954	53,592
1918	53,912	25,252	79,164
1919	104,444	48,965	153,409
1920	164,074	53,407	217,481
1921	95,838	34,623	130,461
1922	78,409	25,462	103,871
1923	14,868	26,394	41,262

War again promises substantial demands for the shipbuilding divisions of many companies. There is Montreal Dry Docks, Ltd., of Montreal, Davie Shipbuilding of Lauzon (wholly owned by Canadian Steamship Lines), and Yarrows Limited of Vancouver—to mention but a few which are ready to supply the needs of what has been little better than a ghost industry for 15 years.

Submarine Campaigns

In the summer of 1914, neither the Germans nor the Allies knew what a powerful weapon the submarine was. As a result, commerce raiding wasn't a menace until early 1917, when the German campaign started in earnest. The demand on the small beginnings of a Canadian shipbuilding industry did not come, then, until late in the war.

At the beginning of the present conflict, the submarine campaign started with full force. Already many British ships have been sent to the bottom. Contracts for replacements are already due; in addition to which, the Government has mentioned plans for construction of anti-submarine and mine-sweeping craft as part of this Dominion's war effort. The question arises, is Canada ready to handle the business?

The fact of the matter is we are probably better prepared than in 1914, as there are at least two dozen reasonably large shipbuilding plants available.

Construction of the shipyard at Montreal of Canadian Vickers Limited (taken over by Montreal Dry Docks, a wholly owned subsidiary organized in 1928), which handled as much business as the rest of the industry put together, at least up to 1918, began in 1912. Davie Shipbuilding and Repairing Co., Lauzon, Que., which could handle the second largest volume, on the other hand did not have its major facilities ready until late in 1918. Even then it was prepared for the two busiest years, 1919 and 1920, as the destruction of shipping had been so great as to speed up construction to its highest point after the signing of the armistice.

B. C. Yards Important

Representative of the large number of other companies which awaited advanced war years before even organizing, are two at opposite sides of the continent, Wallace Shipyards, Vancouver, B.C., and St. John Dry Dock and Shipbuilding Co. Saint John, N.B. both of which started business in 1916. Collingwood Shipbuilding Co., Collingwood, Ont., is a graduate of the 1917 class and Halifax Shipyards Ltd. of 1918.

All of these companies are still in existence, and looking forward to substantial business after a lean period of close to 20 years.

Two of the major British Columbia contractors during the last war, Foundation Co. of B.C., Victoria, and John Coughlan & Sons, Vancouver—largest on the Pacific coast then — have fallen victim to the ironical truth that Canada's shipbuilding industry on a large scale has so far existed only under war conditions. But there are at least a dozen replacement, mostly small companies.

The passing of the John Coughlan company saw the end of what was Vancouver's No. 1 industry twenty years ago. It started in 1917 with 150 men, and in two years grew to an establishment with 2,750 workers and a weekly payroll of $75,000. In 1918 it launched steel ships with total tonnage of 52,800 from its yard in False Creek, Vancouver's secondary harbor. The late Foundation Company was a great loss to Victoria, for 3,000 men received a weekly payroll of $100,000.

Great Lakes Division

In the second primary Canadian shipbuilding division, namely the Great Lakes, practically all of the larger contractors survived the difficult pre-Second Great War years—some of them by developing new lines of business. Included are Port Arthur Shipbuilding Co., Port Arthur, Ont., Canadian Car and Foundry Co., Fort William, Midland Shipbuilding Co. (now a wholly owned subsidiary of Canada Steamship Lines), and Georgian Bay Shipbuilding & Wrecking Co., Midland, Ont., Collingwood Shipbuilding Co. and Canadian Allis-Chalmers Limited, which built ships at Bridgeburg, Ont. One of the big peacetime casualties was Dominion Shipbuilding Co., Toronto.

The third division, St. Lawrence River and Maritimes, has seen comparatively few changes in twenty years. Nova Scotia Steel and Coal Co., which built ships at its New Glasgow and Sydney yards, is now a wholly owned subsidiary of Dominion Steel and Coal Co. The large Davie Shipbuilding yard is owned by Canada Steamship Lines.

Rising from the site where stood the Halifax Sugar Refinery before the great explosion of Dec., 1917, Halifax Shipyards Limited has remained a permanent industry since June, 1918.

Maritime Plants

St. John Shipbuilding Co., Leclair Shipbuilding Co. of Sorel and National Shipbuilding Corp., of Three Rivers, are no longer in business, but there are others in their place. Morton Engineering and Dry Dock Co. at Quebec can build steel ships, as can the North Sydney Marine Railway Co. at North Sydney, N.S.

Not only shipbuilding companies will share in the business. Westinghouse and Fairbanks-Morse, as an example, supplied engines in 1914-20.

The last war brought orders from Belgium, China, Newfoundland, Japan, Russia, France, India, United States, Brazil and the West Indies.

For instance, early in 1918 the Canadian Car and Foundry Co. received a contract for 12 mine sweepers for the French Government, total value of which was $2,500,000. Displacement was 630 tons.

An 8,200-ton icebreaker, 275 feet long, was built for the Russian Government by Montreal Dry Docks Ltd. The same company supplied two large cargo vessels for private Norwegian interest, capacity being 7,263 and 7,359 tons.

Sold to Norway

Norway was a big customer. Polson Iron Works of Toronto in 1916 signed a contract for two steel freighters for private interests there. The order was valued at $1.2 million, and each boat had capacity of 3,500 tons.

Another Norwegian company in the same year contracted with Stolt Nielsen Company for construction in Vancouver of three steamers of 8,500 tons. Total contract was valued at $3,675,000. Canadian Vickers secured a Norwegian order for two 7,000-ton steamers, while Cholberg Shipyards, Victoria, built four 1,500-ton vessels. And there were many others constructed for the Scandinavian country.

But Canada's largest foreign customer was France, whose Government in 1919 gave contracts for fifty wooden vessels (40 for B.C. yards) for use in the Mediterranean. New Westminster Construction and Engineering Co., New Westminster, for instance, built five 1,500-ton wooden freighters for the French Government. Another Vancouver yard built 12 cargo vessels, capacity of each being 1,200 tons. National Shipbuilding Corp. of Three Rivers, Que., launched ten self-propelling barges in 1920, while Standard Shipbuilding Co. at Vancouver made six 4,500-ton craft for France, as well as two 3,500-ton vessels for the Brazilian Government.

Passenger Liners

Wallace Shipyard of Vancouver delivered two passenger liners, each valued at $2.5 millions, to the China Mail Steamship Co. Yarrows Limited, Esquimalt, B.C., in 1919 built a stern-wheel steamer, 165 feet long, for the Indian Government. J. N. Rafuse & Sons, Digby, N.S., launched a 600-ton schooner for a St. John's, Nfld., company. Southern Salvage Co. of Liverpool, N.S., supplied a 600-ton wooden schooner for a West Indian firm. Wm. Lyall Shipbuilding and Pacific Construction, both on the west coast, built boats for Belgian syndicates.

The Imperial Munitions Board and the Canadian Government, of course, were the two major customers. The former issued contracts totalling $70 millions. Its 1918 wood programme for B.C. alone totalled 27 boats, built by the following companies:

	Ships Built
Wm. Lyall Shipbuilding Co.	6
Western Canada Shipyards	6
Western-Genoa Co.	4
The Foundation Co.	5
New Westminster Construction ..	4
Coquitlam Shipbuilding Co.	2

Carrying capacity of each craft was 2,800 tons, and over 40 million board feet of lumber was used.

Complete orders for the Board in 1918 included the launchings of 23 steel vessels, with total carrying capacity of 114,863 tons; and 45 wooden vessels, with total carrying capacity of 138,600 tons.

The Canadian Dept. of Marine received delivery of 11 steel vessels with capacity of 48,000 tons, in the same year.

C.G.M.M. Orders

Orders were placed for the Canadian Government Merchant Marine to construct 63 steel cargo vessels of six different types. Nineteen of these were delivered in 1919, 28 in 1920 and the final 18 in 1921.

The following companies received the contracts:

Canadian Vickers, Montreal:
- 2 ships of 4,300 tons.
- 4 ships of 8,350 tons.
- 6 ships of 8,100 tons.

Collingwood Shipbuilding Co., Collingwood:
- 2 ships of 3,950 tons.
- 5 ships of 3,750 tons.

Wallace Shipbuilding Co., Vancouver:
- 2 ships of 4,300 tons.
- 2 ships of 5,100 tons.

Tidewater Shipbuilding Co.:
- 4 ships of 5,100 tons.

Davie Shipbuilding, Lauzon:
- 2 ships of 5,100 tons.

Port Arthur Shipbuilding, Port Arthur:
- 2 ships of 4,350 tons.
- 4 ships of 3,400 tons.

Halifax Shipbuilding, Halifax:
- 2 ships of 8,100 tons.
- 2 ships of 10,500 tons.

Victoria Machinery Depot, Victoria:
- 2 ships of 8,100 tons.

J. Coughlan & Sons, Vancouver:
- 4 ships of 8,100 tons.

Nova Scotia Steel & Coal, Sydney:
- 2 ships of 2,800 tons.

Prince Rupert Co., Prince Rupert:
- 2 ships of 8,100 tons.

British American Shipbuilding Co., Welland:
- 2 ships of 4,350 tons.

Dominion Shipbuilding Co., Toronto:
- 2 ships of 3,500 tons.

Submarines Built

Twenty-five submarines were built by Canadian Vickers for the Allied governments, and the same company constructed 214 motorboats for Britain. As well as other orders already mentioned, Vickers built a 284-foot dredge for the Canadian Government; 17 mine-sweeping trawlers for the Director of Naval Service and 4 cargo vessels of 7,300 tons for the Ministry of Shipping of Britain.

Dominion shipyards also launched such other classes of craft as military barges, ferries and floating cranes. There was a big demand for schooners. Wallace Shipyards built two wooden schooners of 1,500 tons for the Canadian Government. St. John Shipbuilding Co., of St. John, contracted for ten such craft, with auxiliary oil-burning engines. Quebec Shipbuilding and Repair Co. of St. Laurent, Que., constructed three schooners, of 1,200, 1,400 and 2,100 tons for undisclosed interests. A Belgian syndicate purchased six schooners of 2,500 tons from the William Lyall Shipbuilding Co. of Vancouver. Grant and Horne of St. John built a 159-foot schooner, and Marine Construction Co. two more. Hundreds more of small craft, mostly wood, were constructed in the dozens of small Nova Scotia yards which operated during height of the war business.

Except for the schooners, practically all shipping built during the war years used steam. It was not until the Canadian National Exhibition of 1920 that the first true Diesel engine built in the Dominion was displayed. Only a few companies took advantage of foreign and overseas supplies of Diesel units.

Commercial Alcohols Issues Further 500 Shares

From Our Own Correspondent

MONTREAL, — Montreal Curb Market has called for trading 500 additional no par value common shares of Commercial Alcohol, Ltd. These shares were issued under the employees' stock subscription scheme and brings the total number outstanding to 182,450.

Bldg. Products Earnings Rise

Sales of Roofing Materials and Insulating Board Higher

From Our Own Correspondent

MONTREAL.—Immediate outlook for Building Products Ltd. continues favorable, and the company is expected to report the highest profit in its history this year.

On the outbreak of war there was some expectation that companies like Building Products would be adversely affected. However, experience to date has been satisfactory, sales being maintained at a high level.

Official information is lacking as to actual earnings in the current year, but it is known that results are better than last year.

Profits Near Peak

Net profit last year amounted to $373,994, equivalent to 77 cents a share on the common stock. This, however, was after making provision for non-recurring items amounting to $41,836. Had these not been deducted, net profit would have amounted to 86 cents a share.

Taking into account these non-recurring items and the improvement in sales this year, there is reason to believe net profit will exceed the previous peak of $418,482 in 1929. Profits this year may not be far short of $1 a share.

Improvement in sales and earnings of the company is due to increased constructional activity, and more especially residential building, up to start of the war. The company makes products used in almost every type of construction, but residential building is an especially important market.

Prospects for continuance of a fair volume of residential building are good at present. Despite the outbreak of the war, loans under the National Housing Act continued through September at a substantially higher level than last year.

Manufacture of roofing materials and insulating board are the most important phases of the company's business.

International Securities Trade Shows War Effect

Canada's international trade in securities in September reflected several important factors. The first was the outbreak of war at the first of the month. Then came a sharp rise in stock prices, particularly in Canada and the United States. Finally in the middle of the month, Canada's newly formed Foreign Exchange Control Board set up barriers against liquidation from outside sources and consequent export of capital.

Also an influence was the drop in the value of the Canadian dollar and other currencies in terms of the U.S. dollar.

A feature of September dealings in securities between Canada and other countries was the unusual proportion which took place with the United States. Always bulking large in such trade, the U.S. transactions dominated in the first month of war.

Evidence of a certain amount of liquidation by U.S. holders of Canadian securities can be seen, particularly in the case of stocks. In September, Canada sold $5.4 millions of Canadian common and preference stocks to U.S. buyers but bought back over $10.3 millions. This reverses the previous trend which had indicated a net import of capital from the U.S., figures for the first nine months of 1939 showing net sales of securities to that country amounting to $44.2 millions.

Government bonds showed a tendency to be repatriated in September. Practically all of the trade was between Canada and the United States. Canadians sold back to U.S. buyers $3.6 millions of U.S. government and other bonds while purchasing only $821,000. On the other hand, Canadians bought back from U.S. holders $5.7 millions of Dominion, provincial, municipal and Dominion guaranteed obligations while selling only about $1.8 million to the U.S.

Trade in securities between Canada and the United Kingdom contracted sharply in September. Sales to that country declined from $1.8 million in August to $500,000, while purchases from the United Kingdom were less than $900,000 against $4 millions in the previous month. For both the United Kingdom and other foreign countries the small net balance of purchases represented net re-purchases of Canadian stock and bonds.

Trade With All Countries

1939	Sales $	Purchases $
January	43,499,825	24,233,139
February	27,967,700	18,799,320
March	42,949,384	26,457,055
April	26,703,091	21,601,402
May	29,602,557	18,736,653
June	26,004,128	27,827,223
July	23,691,902	20,451,496
August	21,212,283	19,727,278
September	28,494,899	33,482,241
9 months	270,125,769	211,315,807

Company Reports

Lower St. Lawrence Power

Lower St. Lawrence Power Co.'s operating revenue for the nine months ended September 30 totalled $249,619, as against $235,673 for the same period last year. Operating expenses and taxes were slightly higher, while depreciation reserve was increased by $4,800, leaving earnings available for bond interest this year moderately above the first nine months of 1938.

Earnings Statement
Nine Months Ended Sept. 30

	1939 $	1938 $
Oper. revenue	249,619	235,673
Less: Oper. exps. and taxes	113,506	106,562
Net revenue	136,113	129,111
Less: Depreciation ...	47,800	43,000
Earns. avail. for bond interest	88,313	86,111
Times Bd. Int. Earned:*		
Before deprec.	2.53	2.40
After deprec.	1.64	1.60

*Times interest earned is based on $71,735 annual interest on $1,434,700 of bonds outstanding at Dec. 31, 1938.

Hiram Walker-G. & W.

Hiram Walker-Gooderham & Worts Ltd. reports net earnings in the three months ended Aug. 31, 1939, equivalent to $1.21 a share on the common compared with $1.46 a share in the corresponding period of last year. For the full year, preliminary figures show that the company earned $6.58 a share as compared with $8.04 a share in the previous year. Regular dividends of $4 a share are paid annually on the common.

In the year ended Aug. 31, 1938, deduction of $111,810 was made from earnings for exchange adjustment arising from conversion of net assets of Scottish subsidiaries. Financial statements for the year just ended show that conversion into Canadian funds of the assets and liabilities of subsidiary companies in the United States and Scotland at Aug. 31, 1939, for the purposes of consolidation resulted, in a loss (or adjustment) of $229,848. Had this conversion been made at rates of exchange now prevailing an exchange profit of over $1 million would have resulted. For this reason the adjustment of $229,848 has been deducted from reserve for contingencies and not from profit and loss.

Quarterly Earnings
Three Months Ended August 31

	1939 $	1938 $
Operating profit	1,510,463	1,892,583
Add: Other income ..	42,740	54,792
Total income	1,553,203	1,947,375
Less: Depreciation ...	212,850	176,777
Debent. int., disc. & expense	129,063	170,719
Bank interest	18,349	26,627
Exch. arising from con. of assets of Scottish subs.	......	111,810
Prov. for inc. taxes	185,378	283,915
Net profit	1,007,563	1,177,527
Earns. per Com. Share	$1.21	$1.46

Twelve Months' Earnings
Twelve Months Ended August 31

	1939 $	1938 $
Operating profit	7,733,715	9,050,219
Add: Other income ..	314,921	314,182
Total income	8,048,636	9,364,401
Less: Depreciation ..	837,750	730,927
Debent. int., disc. & expense	519,130	360,320
Bank interest	110,422	152,720
Exp. re sale of stock	29,160	......
Exch. arising from cons. of assets of Scottish subs.	......	111,810
Prov. for inc. taxes	1,256,195	1,723,656
Net profit	5,295,979	6,284,968
Earns. per Com. Share	$6.58	$8.04
Shares Outstanding	724,004	724,004

Dominion Gas

Dominion Gas and Electric Co. reports consolidated operating revenues of $4.5 millions in the 12 months ended Sept. 30, and other income of $23,083. Operating expenses, including maintenance, depreciation and taxes, were $2.9 millions, leaving net income of $1.6 million.

Prior charges of subsidiaries totalled $756,567 and expenses and interest charges of the parent company were $349,144, leaving a net profit of $479,022.

Working capital at Sept. 30 amounted to $866,653.

American Cyanamid

American Cyanamid Co. reports consolidated net profits for the nine months ended Sept. 30, 1939, more than double those of the corresponding period of 1938. The 1939 figures are subject to year end audit and adjustment. The consolidated net income as reported does not include the company's equity in undistributed net income of certain affiliated companies in which the company does not have a majority interest.

Consol. Income Account
Nine Months Ended Sept. 30

	1939 $	1938 $
Net oper. profit	8,084,832	5,538,911
Add: Divds., int. and discounts	389,654	307,096
Royalties, licenses, etc.	109,209	118,832
Other earnings	48,320	21,397
Total income	8,632,015	5,986,236
Less: Depr. & depl. ..	2,364,599	2,139,763
Research & devel. exps.	1,371,368	1,406,140
Int. and amort.	414,894	481,339
Prov. for inc. taxes	1,091,756	508,744
Subsid. dividends ..	49,961	49,960
Net income	3,339,437	1,400,280
Less: Pref. divds.	78,079	55,373
Net avail. for com. ...	3,261,358	1,344,907
Earnings per Share:		
Pref.: Earned	$15.99	$8.22
Paid	0.37½	0.37½
Cl. A & B: Earned	1.25	0.53
Paid	0.45	0.45
Shares Outstanding:†		
Preferred	208,910	170,453
Common	2,618,369	2,520,368

†Excluding shares held by subsidiary companies.

Ogilvie Flour Mills

Improvement is reflected in the report of Ogilvie Flour Mills for the year ended Aug. 31 last. Net profit for the year was equivalent to $1.42 a share on the common stock as against $1.09 a share in 1937-38.

Operating profit of $530,269 for the year was $110,000 higher than in 1937-38, but it was still well below the 1936-37 level of $863,631. Income from investments was higher than in the previous four years. Profit from the sale of investments rose from $17,051 in 1937-38 to $124,930.

The balance sheet continues to show an exceptionally strong liquid and financial position. Working capital increased during 1938-39 from $7,786,618 to $7,910,007.

Book value of investments is somewhat higher, but market value at Aug. 31 showed some shrinkage from the previous year. However, market value is still $3.7 millions in excess of book value.

J. W. McConnell, president, reports the new coarse grain cereals and feed mill, which is being constructed at Montreal, is expected to come into production in the spring of 1940.

Income and Surplus Account
Years Ended Aug. 31

	1939 $	1938 $
Oper. profit	530,269	*419,386
Investment income ...	242,464	207,396
Divds. from subsids. ..	552,000	519,000
Profit on invests.	124,930	17,051
Profit on fixed assets sold	......	33,024
	1,449,663	1,195,857
Less: Depreciation ...	164,868	149,213
Prov. & mun. taxes	164,680	158,519
Income taxes	35,000	......
Legal expenses	2,507	2,843
Exec. salaries, etc. .	67,503	75,260
Other directors fees	18,789	17,395
Net profit	996,316	792,627
Less appropriations:		
Pref. dividends	140,000	140,000
Common dividends .	600,000	600,000
Surplus for year	256,316	52,627
Add: Prev. surplus ..	2,511,484	2,632,880
Less: Extra com. divd.	......	•150,000
Wage bonus	......	•24,023
Balance forward	2,767,800	2,511,484

*Includes provisionals of $135,000 no longer required.
•Applicable to year ended Aug. 31, 1937.

Working Capital

	1939	1938
Current assets	8,636,230	8,570,661
Current liabilities	726,223	784,043
Working capital	7,910,007	7,786,618

Balance Sheet Items

	1939	1938
Cash	695,784	874,030
Accts. rec., less res. ..	1,258,622	1,872,643
Inventories	1,690,351	975,484
Investments:▲		
Bonds, pref. & com. shs.	2,275,115	1,984,056
Investment subsids.	2,716,356	2,864,435
Shs. in partly-owned subsid.	471,089	459,806
Other investments ...	966,866	956,242
Fixed assets	6,695,748	6,450,962
Deprec. reserve	3,780,587	3,642,556
▲Fair market value ..	8,641,000	8,297,000

Brazilian Traction

Earnings of Brazilian Traction, Light and Power Co. continued to show an adverse trend in September, with net earnings declining 12.37% from the same month last year.

In the nine months ended Sept. 30 net earnings showed a decrease of 2.11% from the same period in 1938.

Monthly Earnings

	$ 1939	$ 1938	% Decr.
September:‡			
Gross earns. ..	2,926,276	3,275,742	10.67
Oper. exps. ..	1,353,893	1,481,418	8.61
Net earns.† ..	1,572,383	1,794,324	12.37
Nine Months Ended Sept. 30:			
Gross earns. ..	28,254,549	28,299,107	0.16
Oper. exps. ..	13,502,363	13,229,422	*2.06
Net earns.	14,752,186	15,069,685	2.11

*Increase. ‡Owing to the decline that has taken place in quotations of Brazilian exchange the rate of exchange adopted for the month is arbitrary although less than the quoted rate for free exchange which is largely nominal. †Decrease in net earnings as compared with the corresponding month of the previous year is more than accounted for by the decline in exchange, according to the company.

West Canadian Hydro

Despite rate reductions, West Canadian Hydro Electric Corp. reports betterment in earnings in the year ended June 30.

Control of the company, formerly held by Canadian Public Service was changed by a plan approved Aug. 8, 1938, with the latter company being eliminated. Accounts in the two years are therefore not comparable in the two fiscal years.

During the year West Canadian acquired all preferred shares of the Inland Ice and Cold Storage Co. in the hands of the public. Entire share capital of all subsidiaries is now fully owned by West Canadian and there are no minority interests outstanding. Subsidiaries are Inland Ice and Okanagan Telephone Co.

Net profit increased to $73,440 in the year ended June 30, equivalent to earnings of $1.36 on the 80-cent cumulative preference. Net profit of the predecessor company in the previous year was $36,847.

Balance Sheet Items

	At June 30 1939 $	At Dec. 31 1938 $
Cash	97,570	66,921
Fixed assets	3,394,333	3,401,858
Less: Deprec. res.	518,320	485,983
	2,876,013	2,915,875
Funded debt	2,110,000	2,059,703

Consol. Income and Surplus Account
(Canadian Public Service in 1938)
Years Ended June 30

	1939 $	1938 $
Revenue	480,144	455,448
Less: Expenses	178,980	193,785
Oper. profit	301,164	261,663
Add: Other inc.	7,729	8,152
Net earnings	308,893	269,815
Less: Depreciation ...	79,763	64,616
Bond interest	123,119	130,523
Exchange	887	384
Bond disc. & exp. written off	3,476	8,289
Prem. bonds red. ...	803	......
Can. Eng. acct. w/o	......	6,781
Reorg. of West. Tel.	......	5,357
Income taxes	27,405	17,018
Net profit	73,440	36,847
Less: Pref. divds.	39,590	
Common divds.	9,167	
Surp. for year	24,683	
Add: Prev. surp.	42,802	
Recoveries	6,047	
Less: Inland Ice.		
Bond disc. w/o	3,526	
Intang. assets w/o ..	15,933	
Surp. forward	54,073	
Earnings per Share:		
Pref.: Earned	1.36	
Paid	0.73½	
Com.: Earned*	0.30	
Paid	0.0916	

*After full year's dividend requirements.

Working Capital

	At June 30 1939 $	At Dec. 31 1938 $
Current assets	232,021	190,100
Current liabilities	118,125	86,294
Working capital	113,896	103,806

Okanagan Telephone

Okanagan Telephone Co., subsidiary of West Canadian Hydro Electric Corp. reports improved earnings in the year ended June 30. Net profit amounted to $39,876, compared with $21,716 in the previous year. All common shares are held by the parent body. Okanagan owns the entire capital stock of Solar Telephones and Summerland Telephone Co.

Interest was earned on funded debt 2.25 times after depreciation last year, against 1,61 times in the previous year.

Balance sheet of the company for the year ended June 30, 1939, shows fixed assets of $1.3 million and reserves for depreciation of $259,406. There were $435,000 of 4¼% first mortgage bonds outstanding, and $225,000 of 4½% 21-year sinking fund debentures.

Consol. Income and Surplus Account
Years Ended June 30

	1939 $	1938 $
Revenue	219,923	206,978
Less: Expenses	94,599	109,182
Oper. profit	125,324	97,796
Add: Other inc.	311	365
Net earnings	125,635	98,161
Less: Deprec.	26,197	26,893
Bond interest	43,286	44,216
Amort. & disc.	181	42
Bond prem.	802	......
Income taxes	13,293	5,294
Net profit	39,876	21,716
Less: Com. divds.	39,562	
Surp. for year	314	
Add: Prev. surp.	18,692	
Refs. & recov.	6,047	
Surp. forward	25,053	
Times Bond Int. Earned:		
Before depreciation	2.90	2.22
After depreciation ..	2.25	1.61

Working Capital

	1939
Current assets	84,984
Current liabilities	30,067
Working capital	54,917

National Biscuit

National Biscuit Co. reports net profit of $3,023,903, for the three months ended Sept. 30, after depreciation and income taxes, compared with $3,662,311 for the same period last year. This was equal to earnings of 41 cents a share on the common stock, compared with 51 cents in the same period of 1938.

Indicated net profit for the nine months ended Sept. 30 was $8,878,499, or $1.20 a share on the common, against $9,307,466, or $1.27 a share during the same period of 1938.

Geo. Weston

Net earnings of George Weston Ltd. in the nine months ended Sept. 30 amounted to $463,662, compared with $403,327 in the corresponding months of 1938. Balance available for common dividends was equivalent to 98 cents compared with 83 cents last year.

Earnings Statement
Nine Months Ended September 30

	1939 $	1938 $
Net oper. profit	762,137	638,687
Less. Depreciation ...	177,625	143,492
Income taxes	120,850	91,868
Net earnings	463,662	403,327
Less: Pref. divds.	67,632	67,658
Net avail. for com. ...	396,030	335,669
Earns. per Sh. on Com.	$0.98	$0.83

Laura Secord

Laura Secord Candy Shops Ltd. reports improvement in earnings in the year ended Sept. 30, with net profit increasing to $286,787 from $232,916 in the previous fiscal year. This was equivalent to earnings of $1 and 81 cents, respectively, on the new common shares.

While profits improved, sales declined. In 1939 gross sales dropped to $1,745,596 from $1,792,393. Mary Louise Candies Ltd., a wholly-owned subsidiary, discontinued operations in 1938, and sales of the parent company in both years are exclusive of those of the discontinued subsidiary. Stores operated by Laura Secord remain unchanged from last year at 86.

Annual meeting of shareholders will be held Nov. 14 at the head office of the company in Toronto.

Balance Sheet Items
Years Ended Sept. 30

	1939 $	1938 $
Cash	207,671	119,156
Securities (net)	1,434,202	1,785,046
Fanny Farmer Inc. ..	53,201	......
Inventories	150,110	138,200
Fixed assets	853,193	846,203
Less: Deprec.	566,270	555,893
	286,923	290,310
Capital surplus	*41,964	......
Common shares	862,500	904,464

* Created by stock split under supplementary letters patent, dated Nov. 1, 1938.

Income and Surplus Account
Years Ended Sept. 30

	1939 $	1938 $
Gross sales	1,745,596	*1,792,393
Net. oper. profit	297,138	289,549
Less: Exec. sals.	52,574	52,820
Legal exp.	2,093	1,448
Net earnings	242,471	235,281
Add: Invest. inc.	52,931	62,638
Prof. on equip. sale	439	1,431
Prof. on securities ..	59,029	......
Mortgage interest ..	......	130
Less: Depreciation ..	18,083	17,564
Income taxes	50,000	49,000
Net profit	286,787	232,916
Less: Com. divds.	230,000	172,500
Surplus for year	56,787	60,416
Add: Prev. surplus ..	1,390,644	1,243,697
O'Connor life ins. ..	85,000	......
Res. written back ..	......	86,531
Less: $5 bonus paid ..	287,500	......
Secs. written down	50,000	......
Surplus forward	1,194,931	1,390,644

* Excluding sales of Mary Louise Candies Ltd. which discontinued operations on Aug. 31, 1938. Including subsidiary sales, total would have been $1,825,835.

Note:—Stock split 5 for 1 on Oct. 31, 1938. Earnings per share on new stock would have been 81 cents a share. $5 bonus paid on old stock.

Working Capital

	1939 $	1938 $
Current assets	1,852,378	2,042,402
Current liabilities	59,170	58,202
Working capital	1,793,208	1,984,200
Earnings per Share:		
Common: Earned ..	1.00	4.05
Paid	0.80	3.00+5.00

Saguenay Power

Saguenay Power Co. reports operating revenue for the three months ended September 30, 1939, of $1,182,199, as against $1,168,999 for the same period a year ago. There is little change in fixed charges, but a reduction in operating expenses brought net income to $359,484, as against $305,194 in 1938. After payment of a $1 a share dividend on the common, as against $1.25 a year ago, there was a surplus of $80,733. This compared with a deficit of $26,057 in the third quarter of last year.

Cumulative returns for the nine months ended last September show relatively little change in gross income, while net income available for dividends of $931,853 compared with $877,036. Smaller dividend payments on the common stock enabled the company to show a surplus of $43,098 for the period, as against a deficit of $16,719 in the previous year.

Cut Down Dividend

Comparative figures on the consolidated income and surplus accounts follow:

Income and Surplus Account
3 months ended Sept. 30

	1939 $	1938 $
Operating revenue ...	1,182,199	1,168,999
Less: Expenses	199,400	230,508
Add Other income ...	26,716	3,795
Total revenue	1,009,515	942,286
Less: Debt interest ...	342,963	347,544
Other interest	†1,573	75
Bond discount	42,991	42,268
Depreciation	177,357	172,828
Income taxes	85,146	74,379
Net income	359,484	305,194
Preferred Dividends .	68,751	68,751
Common Dividends ..	210,000	262,500
Surplus	80,733	*26,057
Previous surplus	3,522,238	3,539,939
Less: sale of assets ...	2,920	......
Surplus forward	3,600,051	3,513,882

*Deficit.

Income and Surplus Account
9 Months Ended Sept. 30

	1939 $	1938 $
Operating revenue ..	3,442,150	3,461,570
Less: Expenses	645,512	625,925
Add: Other income ..	†71,100	9,139
Total revenue	2,867,738	2,844,784
Less: Debt interest ...	1,037,467	1,052,236
Other interest	5,013	620
Bond discount	127,818	168,591
Depreciation	538,637	523,356
Income tax	226,949	222,944
Net income	931,853	877,036
Preferred dividend ..	206,255	206,255
Common dividend	682,500	787,500
Surplus	43,098	*16,719
Previous surplus	3,557,057	3,643,800
Less: Prem. on notes.	......	13,200
Sale of assets	104	......
Surplus forward	3,600,051	3,513,882

*Deficit.

Canadian Utilities

Canadian Utilities Ltd., subsidiary of Dominion Gas and Electric Co. will show substantially improved earnings in the year ending Dec. 31, 1939, according to estimates released by W. C. Pitfield Co.

A comparison of actual earnings in 1938, and eight months actual and four months estimated in the current year, shows net profit of $211,009 for 1939, compared with $139,574 in 1938.

Profit and Loss Statement
Years Ended December 31

	*1939 $	1938 $
Oper. revenue	1,217,009	1,176,206
Less: Oper. exps.	524,035	521,089
Maintenance	87,291	83,086
Taxes	67,312	66,490
Net oper. earns.	538,371	505,541
Less: Depreciation ...	121,702	117,620
Bond interest	128,918	129,959
Other interest	8,149	66,582
Amort. debt disc. ..	3,061	3,118
Exchange	6,917	777
Bond, tax refs.	1,834	1,727
Prop. investig.	......	2,224
Income taxes	57,175	43,362
Add: Non-oper. inc. ..	414	†598
Net profit	211,009	139,574

*Eight months actual, four months est.
†Debit.

BACHELOR CIGARS

100% Havana Filler 10¢

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There are 11 colours to choose from with widest scope for original design.

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With Dominion Battleship Linoleum, your floors are covered permanently and will carry heavy traffic for years.

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Dominion Battleship Linoleum ends the noisy clatter of boot-heels.

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A usual reaction is this: "My new custom-built Dominion Battleship floor not only looks good but it enhances the appearance and comfort of my showrooms."

The Week's Quotations

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING NOVEMBER 6

Mining Stocks

Week Ending November 6

Oil Stocks

Vancouver Stocks

Oil Quotations

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Nov. 7, 1939

Dominion of Canada Bonds

% Due		Bid	Ask	Approx. Yld.
1½ June	'40	99¾	100⅛	.63
4½ Sept.	'40	102⅜	103⅛	.76
1 Mar.	'41	99⅜	99¾	1.10
5 Nov.	'41	106⅛	106⅝	1.56
1½ May	'42	99	99¾	1.70
2 June	'42	100⅜	101⅛	1.55
3 Oct.	'42	103	103⅛	1.80
2½ June	'43	101½	101⅞	2.00
5 Oct.	'43	109⅛	109⅞	2.42
2 June	'44	99	100	2.00
a2½ Jan.	'44	93	94½	3.80
4½ Oct.	'44	108⅜	109⅛	2.46
2½ Nov.	'44	100⅜	101⅛	2.19
a2½ Aug.	'45	92⅜	93⅛†	3.71
4 Oct.	'45	104⅛	105⅛	b2.60
4½ Feb.	'46	109⅛	110	2.75
3½ June	'49	100⅛	100⅞	b3.12
3½ Oct.	'49	100⅛	101	b3.29
3½ Nov.	'51	99⅛	100	3.25
a5 May	'52	101	102†	b4.15
4 Oct.	'52	104	104⅞	b3.32
3 June	'55	95⅜	96⅛	3.28
4½ Nov.	'56	106⅜	107⅛	b3.30
4½ Nov.	'57	107	107⅞	b3.39
3 June	'58	95⅛	96	3.29
4½ Nov.	'58	107⅛	108⅛	b3.39
4½ Nov.	'59	108⅛	109⅛	b3.40
a4 Oct.	'60	95⅛	96½†	4.27
a3½ Jan.	'61	85	86½†	4.20
3½ June	'66	97⅛	97⅞	3.37
a3e Jan.	'67	82⅜	83⅛†	3.97
a3e Nov.	'68	82⅜	83⅛†	3.98
a3† Perpet'l		88⅛	89⅛	3.36

Dominion Guaranteed Bonds

Can. Nat'l. Railways:

% Due		Bid	Ask	Approx. Yld.
2 Feb.	'43	99⅛	100⅛	1.91
2½ Jan.	'46	97½	98⅛	2.55
3 May	'44	102	103	2.30
3 Dec.	'50	96⅛	97⅛	3.29
3 Feb.	'53	95⅛	96⅛	3.32
3 Jan.	'59	94	95	3.35
*4½ Sept.	'51	111⅛	112⅛	3.23
*4½ Feb.	'56	112⅛	113⅛	3.42
c4½ July	'57	112⅛	113⅛	3.46
*4½ June	'55	115	116	3.44
5 Feb.	'54	115	116	3.57
*5 July	'69	113	114	b2.79
*5 Oct.	'69	116	117	b3.40
*5 Feb.	'70	116	117	b3.45

Provincial Gov't. Bonds

% Due		Bid	Ask	Approx. Yld.
New Brunswick:				
3 Oct.	'51	89	91	3.95
3½ Aug.	'49	92	94	4.00
3½ June	'56	91	93	4.07
c4 Nov.	'47	99⅛	101⅛	3.81
c4½ Apr.	'61	104	106	4.07
c5 Jan.	'60	108	110	4.26
Nova Scotia:				
3 Jan.	'52	92⅛	94⅛	3.55
3½ June	'56	94	96	3.57
3½ Nov.	'50	97½	99	3.61
c4½ Sept.	'52	106	108	b3.35
c4½ Nov.	'60	108	110	3.80
c5 Mar.	'60	114	116	3.86
Ontario:				
2½ May	'45	98⅛	100⅛	2.40
3 Apr.	'48	96⅛	97⅛	3.30
3 Nov.	'50	96	97	3.33
3½ Nov.	'51	98⅛	99⅛	3.30
*4 June	'62	104⅛	106⅛	3.57
4½ June	'50	108⅛	109⅛	3.39
*4½ Jan.	'62	110⅛	112⅛	3.67
5 Oct.	'48	111⅛	112⅛	3.37
*5 Dec.	'60	116	118	3.75
5½ July	'46	112	113	3.30
Ont. Hydro Commission:				
3 Aug.	'48	96⅛	97⅛	3.29
3½ Feb.	'53	98⅛	99⅛	3.32
3½ Apr.	'47	100⅛	102	3.19
Prince Edward Island:				
3 Oct.	'45	96	99	3.18
Quebec:				
3 Nov.	'47	95	96⅛	3.50
3 Nov.	'51	94	95⅛	3.46
3½ Mar.	'48	96	97⅛	3.59
3½ June	'52	95	96⅛	3.58
4 Mar.	'52	100	102	3.80
4½ Aug.	'58	101	103	4.02
4½ Jan.	'63	104⅛	106⅛	4.07
Alberta:				
4 Dec.	'54	62⅛	66⅛	d
4½ Oct.	'51	65⅛	69⅛	d
c4½ Oct.	'56	64	68	d
*5 Oct.	'59	65⅛	69⅛	d
c5½ Apr.	'52	66⅛	70⅛	d
6 Mar.	'47	70	74	d
British Columbia:				
c4 Dec.	'57	97⅛	100⅛	3.98
*4½ Jan.	'51	100⅛	103⅛	4.11
c4½ Oct.	'53	100⅛	103⅛	4.17
c5 Apr.	'54	103⅛	106⅛	4.42
5½ Feb.	'45	104⅛	107⅛	2.95
6 Feb.	'47	105⅛	108⅛	4.80
Manitoba:				
c4 Dec.	'37	85⅛	89⅛	4.98
c4½ Dec.	'56	90	94	5.02
*5 Dec.	'59	95	99	5.09
5½ Oct.	'55	96⅛	100⅛	5.43
6 Apr.	'47	99	103	5.50
Saskatchewan:				
4 Sept.	'54	72⅛	76⅛	6.45
4 Nov.	'60	71⅛	75⅛	6.08
c4½ Oct.	'51	77⅛	81⅛	6.75
c4½ Mar.	'60	74⅛	78⅛	6.40
5 Aug.	'58	80⅛	84⅛	6.42
5½ Oct.	'52	84	88	6.91
6 Mar.	'52	87	91	7.10

*Payable Can., N.Y. & £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

November 7, 1939

Industrials:	Bid	Ask
Acme Farm., p.	15	..
Andian National	35½	37
Anglo C. Tel., A	8½	9
Barrymore, pfd.	19	..
B. C. Pulp, c.	19	21
Do., pfd.	50	53
B. C. Sugar	93	97
Burns & Co., A	8½	9
Do., B	4½	5
Canada Tea, pf.	20	24
Can. Co-op. W'l.	6½	..
Can. G'drich, c.	1½	..
C. I. L., A c.	238	..
Can. Ing. Rand	136	140
Can. Tube, 1st p.	70	..
Chase, A. W., p.	25½	27
Claude Neon, p.	5	6
Cons. Sales, B p.	..	78
Cop. Flour Unit	8½	..
Dom. Wooll's, p.	5½	6½
Dunlop Tire, p.	22½	23½
Easy Washing, p	8½	9½
Fed. Grain, pfd.	41	44
Do., Com.	2½	2½
Goderich Elev.	8½	9½
Guard. Realty, p	12	15
Guelph Carp., p.	100	102½
Do., com.	12	..
Hayes Steel, c.	21	23
Do., pfd. ($10)	10½	11
Hi'land Dairy, p	73	76
Do., com.	2½	..
Kingston Sh. un.	15	20
Loblaw Inc., c.	10½	11½
Morrison Br. un.	7	8
M'row Screw, p.	99	..
Mt. Royal H., p.	2	3½
Neilson, Wm., c.	8	..
Do., pfd.	104	..

	Bid	Ask
N. B. Tel., c.	12	13
N. Meth. Ldy., p	62	67
Office Spec., p.	71	..
Ont. Tob., pfd.	20	23
Paterson Wm., p	103	..
Prov. Paper, pfd	105	..
Reliance Gr., pf.	53	..
Rob'tson P. L., p	90	..
Rob. Cons. Cone	8	8½
Ruddy, E. L., p.	27	30
Seal O Sac (Can)	4	5
Stand. Fuel, c.	11	..
Do., pref.	53	..
Stedman p ($50)	55	..
Tor. Carpet, c.	18½	22
Do., pfd.	53	55
Un. F. Co-op.	2½	2½
Un. Steel, A pf.	22	23
Viceroy, p. & rts	23	25
West. Grain, pf.	8½	9½
West. Steel, c.	8½	9½
Weston Hold.	..	6
Trusts & Loan Stocks:		
Brit. Mtge.	151	154
Com. Fin., c.	2½	3½
Guaranty Tr.	96	100
Guelph & C. $50	53½	55½
Lambton Loan	30	35
London & West.	38	42
Sherbrooke Tr.	120	..
Sterling Trust	55	60
Traders Fin. B.C.	12	..
Do., A pfd.	76	..
Trusts & Guar.	27	28
Waterloo Trust	99	..
Insurance Stocks:		
Brit. Amer.	55	..
Canada Life	450	475
Confed. 30% pd.	144	152

	Bid	Ask
Crown, fully pd.	260	..
Dominion Fire	134	..
D. of Can. Gen.	115	125
Empire, 25% pd.	..	6½
Excelsior Life	55	59
Federal, 25% pd	51	58
Great-West Life	220	..
Halifax Fire	21	23
Imperial Life	285	295
Manufac. Life	215	230
Monarch 10% pd	22½	24
Sov. L., 25% pd.	13	15
Sun Life	355	390
Tor General	5½	6
Wellington Fire	58	62
Western Assce.	47½	50
Theatre Stocks:		
Allens King., p.	62	65
Do., London, p	..	54
Do., St. Cath. p	..	55
Do., Tor. p. c.	30	35
Mansf. Theat., p	27	30
Para., Kitch., p.	50½	54
Do., Oshawa, c	9½	12
Investment Trust Shares.		
Can. Investors	6	6½
Deb. & Sec., pf.	85	..
Inv. Found. Unit	55½	57½
Sec's. Hold., pf.	20	..
United Corp., A	23½	24½
Do., B	11½	12½
Power Issues:		
Can. W. N. Gas.	24	..
Do., pfd.	98	101
Int. Util., 1.75 p.	17	19
Do., 3.50 pfd.	34	38
Gt. Lakes Pr., p.	100	..
Mtl. Is. Pwr., p.	20	24
Nor. Ont. Pr., p.	95	98

Unlisted Mines

Toronto, Nov. 7, 1939

	Bid	Ask
Addington	.04	.04½
Albany R	.19	.21
Amorada	.08½	.09½
Anoki	.10	.12
Arjon	.01½	.02½
Armistice	.01	.02½
Argosy	.03½	.04½
Arno	.01	.02
Area	.05½	.06
Athona	.03½	.04
Barb Lar	.03	.04
Beresford	.22½	.23
Big Mastr	.01½	.02½
Bilmac	.01	.02
Bounty	.22	.24
Brown C	.90	1.00
Calder Bo	.02	.04
Capital Ro	.01	.01½
Central M	.03½	.04
Cheminis	.04	.04½
Cochen'r	.67	.69
Coin Lake	.06	.07
Crescent	.03½	.04½
Crowshore	.05	.08
Dawson	.01	.02
Delnite	.88	..
Desants n	.18	.19
Dona Pat	.14½	.16½

	Bid	Ask
Donwood	.05	.06
Dayton	.02	.03
Dumico	..	.04½
Elmos	.08	.09
Faulken'm	.01	.02
Franco	..	.45
Frontier	.02	.03
Galore	.02	.03
Gate Pat	.01	.02
Golden G	.24	.28
Hallnor	7.75	8.00
Hiawa'a	.40	.45
Hislop	.01	.02
Hoyle n	.23	.24
Hugh PP	.03½	.04½
Hutch Lke	.02½	.03
Jason	.34	.38
Keora	.02½	.03½
Kaw Crow	.01	.02
Kenricia	.12	.14
Kewagama	.01½	.02½
Kiena	.10	.11
Kirk Gate	.01	.02
Lacoma	.01	.01½
Lake Duf	.35	.37
Lake Gen	.12	.15
Lardego	.03	.03½
Magnet C	.68	.70

	Bid	Ask
Magnet L	.14	..
Martin Br	.03½	.04½
Margaret	.08	.10
Mata Can	.04½	.05½
Mof Hal n	..	.02
Mooshla	.05	.05½
Mosher	.10	.11
Mylamaqu	.01½	.02½
Nat Mal	.25	.28
Negus	.85	.95
Nickel O	.70	.80
Norbeau	.33	.37
Norlake	.01½	.02
North Am. Mol'm	1.22	1.27
Oklend	.12	.13
O'Leary	.01½	.02
Opemiska	.07	.08
Oriole	.01½	.02
Orpit	.03	.05
Ossian	.01	.02
Pascalis	.23	.30
Payore	.02	.02½
Phoenix	.08½	.09½
Pontiac	.08½	.10
Pelangio	..	.01½
Polaris	.45	.48

	Bid	Ask
Private'r	.87	.92
Propri'y	1.60	1.70
Presdor	.02½	.02½
Queb Man	.09½	.10½
Rahn Lk	.34	.36
Rand Mal	.11	.12½
Red LGS	.02	.02½
Rhyolite	.01½	.02½
Ribago n	.01½	.02½
Rose Gold	.06½	..
Sachigo	5.25	6.00
Shenango	.05	.05½
Sheldon	.02½	.05
Siscoe Ex	.01½	.02½
Skynner	.04	.06
Smelter	.01½	.01½
Spooner	.04	.05
Sunbeam	.11	.14
Springer	.11½	.12½
Thomson	.18	.20
Union Mn	.05	.05½
Walker Pt	.01½	.01½
Wells LL	.14	..
Winoga cum. rts.	.04½	.06
Woco	.11	.13
Y David'n	.27	.28½

Montreal, Nov. 7, 1939

	Bid	Ask
Abbeyv'e	.02½	.04
Brown B	.01	.02
Chibmac	.01½	.02½
Demp'y	..	.02
Landor	..	.11
L Rowan	.05	.06
Leroy	..	.01
Louvre	..	.01½
Obalski	.04½	.05½
Pan Can	.03½	.04½
Routh'r C	..	.03
Red Gold	.03	.04
Tiblem't I	.02	.03
Valdor M	.60	.70
Warren'c	..	.05
West. C.	.01½	.02½

Dividends Declared

	This payment	Date payable	Date of record
Assoc. Tel., pf.	49c	Nov. 15	Nov. 1
Assoc. Tel., 1st pf.	42c	Nov. 15	Nov. 1
Aluminium	$4	Dec. 15	Nov. 24
Do., pref.	$1.50	Dec. 1	Nov. 15
Acadia Sugar, c.	12½c.	Oct. 31	Oct. 24
Belding-Cort.	$1	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 2	Dec. 15
Beattie Gold	5c	Dec. 7	Nov. 20
Bk. Can. Nationale	$2	Dec. 1	Nov. 15
Bk. of Montreal	$2	Dec. 1	Oct. 31
Bk. of Toronto	$2.50	Dec. 1	Nov. 15
Calgary & Edm.	10c	Nov. 15	Oct. 14
Can. Vinegars	30c	Dec. 1	Nov. 15
Can. W. & C., A	$1	Dec. 15	Nov. 30
Can. W. & C., p	$1.62½	Dec. 15	Nov. 30
Do., B	25c	Dec. 15	Nov. 30
Commonwealth Int'l.	4c	Nov. 15	Oct. 14
Cosmos Imp.	30c	Nov. 15	Oct. 31
Do., pref.	$1.25	Jan. 15	Dec. 30
Can. Iron, pf.	$2	Nov. 15	Oct. 31
Canadian Oil	12½c	Nov. 15	Nov. 1
Do., extra	12½c	Nov. 15	Nov. 1
Coniaurum Mines	6c	Dec. 1	Nov. 15
Corp. Inv., A. B	5c	Nov. 15	Oct. 30
Can. Ind. Alcohol, A, B	15c	Nov. 30	Nov. 20
Can. Malartic	3c	Dec. 15	Nov. 28
Can. Wineries	15c	Dec. 12	Nov. 30
Crown Cork	40c	Nov. 15	Nov. 10
Can. Cottons	$1	Jan. 2	Dec. 15
Do., pref.	$1.50	Jan. 2	Dec. 15
Can. Dom. Sugar	37½c.	Dec. 1	Nov. 15
Celanese of Am.	50c	Dec. 1	Nov. 17
Do., (addit.)	‡	Dec. 22	Nov. 17
Do., part. pf.	$3.50	Dec. 31	Dec. 15
Do., prior pfd.	$1.75	Jan. 1	Dec. 15
Dom. Bridge	30c	Nov. 15	Oct. 31
Dom. Ang. Inv., p.	$1.25	Dec. 1	Nov. 15
Electrolux	20c.	Dec. 15	Nov. 15
Ford Motor	25c	Dec. 18	Nov. 25
Gen. Stl. Wares, p.	$1.75	Nov. 15	Nov. 1
Granby Cons.	25c	Dec. 1	Nov. 15
Gurd, C., pref.	$1.75	Nov. 15	Nov. 1
Gunnar Gold	3c	Nov. 15	Oct. 31
Hart Battery	20c	Dec. 15	Nov. 30
Hallnor M.	18c	Dec. 1	Nov. 15
Howey Gold	2c	Dec. 1	Nov. 1
Hud. Bay Mining	$1	Dec. 11	Nov. 17
Int. Nickel, c.	50c.	Dec. 30	Dec. 1
Island Mtn. M.	7c.	Dec. 15	Dec. 1
Laguna Gold*	4c.	Oct. 23	July 25
Lake of W. Mill, p	$1.75	Dec. 1	Nov. 15
Laura Secord	20c	Dec. 1	Nov. 15
Leitch Gold	2c	Nov. 15	Oct. 31
Loblaw Groc., A B	25c.	Dec. 1	Nov. 10
Do., extra	12½c	Dec. 1	Nov. 10
Loblaw, Inc.	20c	Dec. 1	Nov. 15
McIntyre Porc.	50c	Dec. 1	Nov. 1
Do., extra	$1	Jan. 2	Nov. 1
Nat. Biscuit	40c	Dec. 15	Nov. 14
Do., pref.	$1.75	Nov. 29	Nov. 14
Noranda	$1	Dec. 15	Nov. 20
Nipissing M.	15c.	Dec. 11	Nov. 22
North. Empire M.	40c	Dec. 12	Nov. 24
Ont. Steel, pfd.	$1.75	Nov. 15	Nov. 3
Penmans	75c	Nov. 15	Nov. 6
Pac. Pr. & Water pf.	75c.	Nov. 1	Oct. 30
Do., 7% 2nd pfd.	87½c.	Oct. 31	Sept. 25
Provincial Bank	$1.50	Dec. 1	Nov. 15
Quebec Pwr.	25c	Nov. 15	Oct. 24
Rolland Pap.	22c	Nov. 15	Nov. 4
Do., pref.	$1.50	Dec. 1	Nov. 15
Royal Bank	$2	Dec. 1	Oct. 31
Royal Trust	80c.	Oct. 31	Oct. 31
South. Am. Gold	10c	Nov. 28	Nov. 14
South. Can. Pwr., c.	20c.	Nov. 15	Oct. 31
Shawinigan W.	22c	Nov. 15	Oct. 20
Stand. Steel, p	75c	Jan. 1	Dec. 15
Sylvanite G.	5c.	Dec. 30	Nov. 18
Sundance Rlty.	1c.	Oct. 31	Oct. 20
Toburn Gold	2c	Nov. 22	Oct. 21
Do., extra	2c	Nov. 22	Oct. 21
Tor. Elevators, pf.	66c	Dec. 7	Nov. 23
Union Gas	20c	Dec. 15	Nov. 20
United Corp., A	37c	Nov. 15	Oct. 31
Walker-Good.	$1	Dec. 15	Nov. 24
Do., pref.	25c	Dec. 15	Nov. 24

‡At rate of 1 sh. for each 40 shs. held.
*Liquidating dividend in accordance with plan to wind up company.

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

November 7, 1939

Public Utility Issues:	Int. Rate %	Due	Bid Nov. 7	Asked	Bid Oct. 31
†Assoc. Tel. & T.	5½	'55	84	88	82
Beauharnois P.	5	'73	100	103	99½
B. C. Power	4½	'60	100½	104½	100
B. C. Tel.	4½	'61	103½	107½	103
†Calgary Pwr.	5	'60	101½	105½	101½
Do.	5	'64	101	105	100½
†Can. Nor. Pwr.	5	'53	104½	108½	105
*Dom. Gas & El.	6½	'45	98	102	98
Gatineau Pwr.	5	'49	101½	105½	101½
Do., A	3½	'69	98	102	98½
Gt. Lakes Pwr.	4½	'56	99½	103½	99
*Int. Hydro-E.	6	'44	87	91	86
▲Inter. Power	6	'55	97	101	96½
Macl'n-Que. Pr.	4	'59	96½	100½	96
Mtl. L. H. & P.	3½	'56	99	103	98½
Do.	3½	'73	94½	98½	95½
†Mtl. Tramways	5	'41	97	101	98
†Do.	5	'55	72½	76½	73
Nat. Lt. & Pwr.	6	'49	98	102	97
N. S. Lt. Pr.	4	'57	98½	102½	98½
Ottawa H. & P.	4	'57	99½	103½	99
Ottawa V. Pwr.	5	'59	101½	105½	101½
†Power Corp.	4½	'59	99	103	98
Quebec Pwr.	4	'62	101	105	109
*Saguenay P., A	4½	'66	102	106	101
Do., B	4½	'66	102	106	101
Shaw. W. & Pr.	4	'61	99½	103½	99½
Union Gas	4½	'50	101½	105½	101
United Secs.	5½	'52	69	73	69
†Wpg. El., ser. A	4	'65	75	79	74½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	60	64	62
Acadia Sugar	4½	'55	98	102	98
†Alta. Pa. Grain	6	'46	97	101	98
Atlantic Sugar	4	'31	97½	101½	97½
†B. C. P. & Pap.	6	'50	76	80	78
*Brown Co.	5½	'46	50	54	52½
Burns & Co.	5	'58	66½	70½	62½
Canada Bread	6	'41	105	109	105
Canada Cement	4½	'51	101½	105½	101
Can. Paper	4½	'52	98½	..	98½
Can. Steamship	5	'57	91	95	91½
Can. Canners	4	'51	101	105	101
*Can. Int. Paper	6	'49	98½	102½	99
†Candn. Vickers	6	'47	74	78	78
C. P. R.	3½	'51	85½	89½	84
Do.	4	'49	89	93	89
Do.	4½	'44	92½	96½	93½
Do.	6	'42	101	105	101
†Consol. Paper	5½	'61	58	62	58½
Dom. Coal	4½	'52	100	104	100
▲Dom. Stl. & C.	6½	'55	112	116	113½
Dom. Tar	4½	'51	100½	..	100
†Donnacona P.	4½	'56	80	84	80
Famous Players	4½	'51	100	104	99
†Federal Grain	4½	'49	97	101	98
†Fraser Cos.	6	'50	97	101	98
Gen. Stl. Wares	4½	'52	100	104	100
*Great Lakes P.	5	'55	92	96	91
†Gypsum, Lime	5½	'48	99	103	98½
Ham. By-Pr. C.	5	'55	101	105	100
Inter-City Bak.	5½	'48	100½	104½	100
*Inter. P., Nfld.	4½	'68	96	..	96
Lake St. J. P.	5½	'61	88½	92½	89
†Maple Leaf M.	3	'58	74½	78½	74½
Massey-Harris	4½	'54	93	97	93
McColl-Fron.	4½	'49	101	105	100½
McCormick's	4	'32	89	92	88½
*M. & O. Paper	6	'45	44	48	44
Nat. Grocers	4	'47	100	..	100
N. S. Stl. & Co.	3½	'63	85	89	87
Price Bros.	5	'57	96	100	96½
*Prov. Paper	5½	'47	102	106	101
Reliance Grain	4½	'32	94	..	94
†Restigouche Co.	6	'48	97	101	98
Rolland Paper	4½	'51	99½	..	97½
Simpsons Ltd.	4½	'51	100	104	99½
Smith, Howard	4½	'51	101	105	101
†Steel of Can.	6	'40	109	113	109
*United Gas	5½	'48	102½	106½	102
United Gr. Grs.	5	'48	97	101	97
†Western Grain	6	'49	49	53	49

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
•Payable in U. S. only.

Municipal Bonds

Nov. 7, 1939

†Halifax	5	1961	110.00	112.00	4.16
Hamilton	5	1950	107.87	109.87	3.85
Montreal	5	1945	99.00	101.00	4.78
Ottawa	4½	1945	105.00	107.00	3.15
†Quebec	5	1959	105.00	107.00	4.46
Saint John	5	1950	106.00	108.00	4.09
†Toronto	4½	1955	109.25	111.25	3.55
†Vancouver	5	1950	97.00	101.00	4.87
Winnipeg	5	1944	100.00	103.00	4.23

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Can. Inv. Fund	4.10	4.50
Can. Amer. Trust	3.75	4.13
All Can. Trustee	12.60	13.35
Grouped Income	....	6.35
[illegible]	[illegible]	[illegible]

Winnipeg Stocks

(Transactions from Oct. 30 to Nov. 4)

	Sales	High for period	Low for period	Close Nov. 4
Berens River	200	.90	.90	.90
Beaver Lumber, pref.	10	97.00	97.00	97.00
Beresford Lake	2,250	.20	.20	.20
Central Manitoba	400	.04½	.04	.04
Dona Patricia	1,000	.14	.14	.14
Dominion Envelope, c.	120	3.00	2.75	3.00
Flin Flon	15,000	.01½	.01¼	.01½
Federal Grain	100	2.75	2.75	2.75
Do., pref.	393	46.00	40.00	41.50
Gold Lake	4,000	.01	.00¾	.01
Great-West Life	15	225.00	225.00	225.00
Gurney Gold	2,800	.02	.01	.01½
Mosher Long Lac	1,000	.11	.11	.11
Monarch Life	5	22.50	22.50	22.50
Ore Grande	4,300	.03	.03	.03
Reliance Grain, pref.	25	54.00	54.00	54.00
Sachigo	20	5.75	5.75	5.75
Sovereign Life	5	13.00	13.00	13.00
United Grain	87	9.00	8.50	9.00
Western Life	30	9.00	9.00	9:00
Western Steel	15	9.00	9.00	9.00
Wingold	12,500	.05	.04½	.04½
Wings Vot. Trust	200	.25	.25	.25

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	2⅝	..
Do., pref.	..	97½
Can. Indemnity	125	..
Dom. Envelope, p	99½	..
Home Invest.	10	..
N. Can. Mtge., pf.	2½	..
North. Mtge.	1½	..
North. Trusts	6	..
Traders Bldg.	58	..
West. Brew.	1.50	1.60

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Nov. 7	22,700	23,600	260,000	78,582
Nov. 6	18,200	33,600	247,000	36,405
Nov. 4	25,700	28,500	211,000	25,035
Nov. 3	49,700	53,100	408,000	48,175
Nov. 2	23,800	37,100	372,000	[illegible]

Foreign Exchange

During the week Oct. 31 to Nov. 6 [illegible] was no change in the quotation of [illegible] United States dollar at Toronto and [illegible] real, which was $1.10 for buying and [illegible] for selling. The sterling rate likewise [illegible] unchanged at $4.43 buying and $4.47 [illegible] ing. The rate is published daily by [illegible] Foreign Exchange Control Board.

Other Currencies, Nov. 6

Australia	3.58	Italy	[illegible]
Belgium	.1855	N. Zealand	[illegible]
Denmark	.2150	Norway	[illegible]
France	.0250½	S. Africa	[illegible]
Holland	.5893¼	Sweden	[illegible]
Hungary	.1804	Hong Kong	[illegible]
India	[illegible]		

Mining Dividends

		Close Nov. 6	Yield %
Beattie Gold	15c	1.13	13.2
Bralorne	80c+40c	10.50	*11.4
Buffalo Ankerite	$1	7.25	13.8
Bulolo Gold	$3	24.00	12.5
Can. Malartic	9c.	.75	12.0
Cariboo Gold	16c+5½c	2.25	*9.5
Central Patricia	16c+5c	2.35	*8.9
Coniagas	25c	1.35	...
Coniaurum	16c	1.72	9.3
Cons. Smelters	$1+$1	49.75	*4
Dome Mines	$2	29.00	6.9
Falconbridge	30c	5.10	5.9
God's Lake	†5c	.58	...
Goldale	†2c	.19½	...
Gunnar Gold	6c	.50	12
Hollinger	65c+45c	14.50	*7.6
Howey Gold	5c	.33	15.2
Hudson Bay	$1.75	34.25	5.1
Inter. Mining	40c	9.87	4.1
Inter. Nickel, com.	$2	47.75	4.2
Island Mountain	15c.	.95	10.5
Kerr Lake	15c	.50	...
Kirkland Lake	8c+2c	1.36	*7.3
Kootenay Belle	16c+2c	.68	...
Lamaque Gold	40c+17c	7.00	*8.1
Lake Shore	$4	29.37	13.6
Lava Cap M.	11c	.80	...
Leitch	8c	.79	10.1
Little Long Lac	30c	3.10	9.7
Macassa	20c+7½c	4.25	*6.4
McGillivray Coal	3c	.23	...
McKenzie Red Lake	12c	1.21	9.9
McWatters	10c	.57	...
Moneta	12c	.91	13.2
McIntyre Porc.	$2+$1	57.00	*5.3
Nipissing	15c	1.40	10.7
Noranda	$4	77.12	5.2
North Empire	75c	9.25	8.1
O'Brien Gold	20c	1.75	11.4
Pamour Porc.	8c	2.16	...
Pato Cons.	10c	2.40	...
Paymaster	2c	.35	...
Perron Gold	16c+1c	1.90	*8.9
Pioneer, B.C.	40c	2.20	18.1
Pickle Crow	40c	4.30	9.3
Placer Develop.	$1.20	10.50	11.4
Premier	12c	1.40	8.6
Privateer Mine	20c+2c	.92	..
Powell Rouyn	†5c	1.80	..
Quebec Gold	†2c	.30	..
San Antonio	14c	1.75	8
Sheep Creek	16c+3c	1.12	*16.9
Silbak Prem.	16c	1.10	14.5
Siscoe	12c	.84	14.3
Sudbury Basin	5c	2.15	..
Sullivan Cons.	6c+1c	.80	*8.7
Sylvanite Gold	20c+5c	3.20	*7.8
Teck-Hughes	40c+5c	4.10	*10.9
Toburn	8c+8c	1.60	*10
Ventures	15c	4.40	..
Wright-Harg.	40c+30c	8.10	*8.6

*Yield including bonus. †Initial.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 306

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after FRIDAY, the FIRST day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1939.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the FOURTH day of DECEMBER next.

The Chair to be taken at noon.

By Order of the Board

JACKSON DODDS, General Manager
G. W. SPINNEY, General Manager

Montreal, 20th October, 1939.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the thirteenth day of December, 1939, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 26th October, 1939.

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 30th day of November. This dividend, bearing the number 195, will be payable at the Main Office or at the branches of the Bank, on or after the first day of December, 1939, to the shareholders of record on November 15th.

By order of the Board,

CHARLES ST. PIERRE,
General Manager.

Canadian Wineries Limited

DIVIDEND

Notice is hereby given that a dividend of fifteen cents (15c) per share has been declared on the shares of this Company, payable December 12th, 1939, to shareholders of record at the close of business on November 30th, 1939.

By order of the Board.

DONALD G. ROSS,
Secretary.

Dated at Toronto, November 6th, 1939.

Sylvanite Gold Mines Limited

(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS

NOTICE OF DIVIDEND NO. 35

Take notice that a regular quarterly Dividend of 5% (i.e., five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 35.

Such Dividend will be payable December 30th, 1939, to Shareholders of record at the close of business November 18th, 1939.

In the case of Share Warrants such Dividend will be payable on or after December 30th, 1939, in respect of the shares specified therein, upon presentation and delivery of Coupon No. 35 at: The Canadian Bank of Commerce, Toronto, or any branch of said Bank in Canada (Yukon Territory excepted) at the Bank's current buying rate for United States funds on the date the coupon is cashed, without deduction for collection charges; or, Liberty Bank of Buffalo, Buffalo, N.Y.

The Canadian 5% tax will be deducted from Dividends paid to non-residents.

By order of the Board.

W. S. WALTON, Secretary.

Toronto, November 2, 1939.

FORD MOTOR COMPANY OF CANADA, LIMITED

DIVIDEND No. 48

The Board of Directors has declared a cash dividend of twenty-five cents ($.25) per share, payable on all of the outstanding shares of the company on December 16, 1939, to shareholders of record at the close of business November 25, 1939.

G. G. KEW,
Assistant Secretary.

Windsor, Ont.
November 6, 1939

Retreats of Industry

Advantages of Factories in the Country Shown by Ford's Village Industries

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

DETROIT.—Striking contrast between the mammoth Ford Motor Co. plant at Dearborn and the spick and span "village industries" developed by Ford in the outlying countryside forms an unusual background for the current introduction of the Ford lines for 1940.

In addition to the sharp differences between the attractive branch units and the awesome concentration of heavy industry at Dearborn, the 15 village industries reveal the scope of Ford production resources and industrial philosophy.

Decentralization of production and fabrication of all units of any single component of a product at one plant is a method coming increasingly to the fore in the output of war materials in British countries. Ford's peacetime development, spread gradually over the past 20 years, presents a practical operating model for efficient application of such methods to grimmer purposes.

Practical Advantages

It is safe to assume, however, that Henry Ford had no such aims in mind in undertaking the development. On the practical side the system has the advantage of putting some limit on the inevitable periodic expansions of the River Rouge plant at Dearborn, preventing it from becoming too unwieldy, and dispersing output of small and precision parts under ideal conditions.

But the village industry plan chiefly reflects an important phase of Henry Ford's efforts to harmonize modern industry with changing social and economic conditions. A notable result of the village plants has been to utilize the waterpower resources of the stream sites on which most of the small factories are located and to give employment in areas undergoing transition from rural to semi-urban character. They have also shown that small specialty factories can be fitted attractively into rural landscapes and operated to the satisfaction of both specialty workers and modern industrial requirements for light precision products.

Approximately 2,500 men and women are employed in the 15 village plants, which are scattered at different points within a radius of 50 miles from Dearborn. They produce such items as starter switches, cylinder valves, welding points, small dies and stencils, lamps, horns, drills, ignition coils, carburetors, engraving work, gauges and generators. Several of the plants handle various stages of soy bean processing.

Cleanliness a Feature

Outstanding feature of all of the village factories that impresses interested visitors is their scrupulous cleanliness and their bright, well-kept and delightful appearance. All the units operating enhance rather than clash with attractive rustic or village surroundings.

In addition to appealing working conditions, the community environment and living conditions of the small plant workers have attractions not to be found in urban centres. This has had much to do with making the village industry workers one of the most contented groups of Ford employees and enabling them to concentrate their best skill on specialized jobs without strain or disturbance.

Contrast Drawn

The contrast between the village plants and the huge array of steel, rubber, glass and other plants at Dearborn was drawn by a recent demonstration for visiting newsmen. In the morning they saw a number of the village factories, from some of which a day's production is so small that it could be carried away on a bicycle. In the afternoon they saw sections of the Dearborn plant. In one unit of the plant—the glass factory—the grinding and polishing line is so long that the curvature of the earth had to be allowed for in its construction to ensure an absolutely smooth surface on the glass

For the visitors from Canada, where many industries are located in small centres, the tour of Ford's village industries revealed the great possibilities inherent in well-designed, bright and meticulously clean little plants in rural surroundings. The Canadian newsmen were also particularly interested to learn that an improved type of safety glass uses a new material developed by Shawinigan Chemical Co. in Quebec for the centre film of the glass "sandwich" forming safety glass. The new glass is said to possess greater resilience and other advantages over the present type of glass, which uses a cellulose film as the centre of the "sandwich."

Expense of Soldier's Diet 30 Cents for Three Meals

Regular diet of Canadian soldiers on active service will cost between 29 and 30 cents daily at present prices, according to a diet authority. This calculation is based on the official list of foodstuffs that will be given soldiers by their own kitchens.

The list is held to be fairly well diversified as to value of vitamins and calories contained in the foodstuffs, but minor deficiencies have been noted.

Experiments are being carried on independently with the sanction of the Department of National Defense to determine if a better diet can be arranged and that money expended is utilized to the best advantage.

Ensure Health of Troops

An army diet has to fulfil a number of functions. In the first place the health of the troops has to be ensured. Cost is a consideration. The materials contained in the diet must be easily transported.

Canadian units are carrying on independent arrangements to train army cooks so that a certain amount of the dullness associated with army cooks' culinary efforts might be eliminated, and at the same time utilize the foodstuffs obtainable to the best advantage.

In the present diet, dietitians see minor deficiencies. Insufficient vitamins B, C and D are present in the regulation diet. It is, however, sufficient in calory content, which gives energy to the body. Amount of calories contained is estimated at 4,000, considered ample to maintain the individual working under wartime conditions in good health.

Deficiency is noticeable in the diet of vitamin B. This vitamin protects the body against infection, which is considered particularly important in the field. Vitamin C prevents scurvy, but there is only a minor deficiency of this vitamin. Vitamin D acts as a protection against colds.

The regulation diet of the new Canadian Active Service Force is given below:

Rations for Canadian Troops Daily per Person

1 lb.	bread
1 lb.	beef
1 lb.	potatoes
6 oz.	fresh vegetables
3 oz.	bacon
3 oz.	white sugar
2 oz.	beans
2 oz.	jam
2 oz.	butter
1 oz.	cheese
1 oz.	milk, powdered or evaporated
½ oz.	split peas
½ oz.	salt
⅓ oz.	coffee
¼ oz.	tea

Substitutes

	biscuits for bread
1 lb. 12 oz.	mutton for beef
1 lb. 12 oz.	pork once a week
1 lb. 12 oz.	fish once a week
4 oz.	canned tomatoes for fresh vegetables
4 oz.	canned corn for fresh vegetables
2 oz.	rice for beans
2 oz.	corn syrup for jam
2 oz.	prunes for jam

DIVIDEND NOTICES

United Amusement Corporation Limited

Common Dividends Nos. A-32 and B-26

Notice is hereby given that a dividend of forty-five cents per share has been declared on the outstanding capital stock of the company for the period ended thirty-first October, nineteen thirty-nine, payable on the thirtieth day of November to shareholders of record the fifteenth day of November, nineteen thirty-nine.

By Order of the Board.

W. H. MANNARD,
Secretary-Treasurer.

Consolidated Diversified Standard Securities

LIMITED

Dividend No. 15

NOTICE is hereby given that a dividend of 37½ cents per share on the outstanding fully paid non-cumulative redeemable First Preference shares has been declared, payable December 15, 1939, to shareholders of record November 30, 1939. Transfer books will be closed from December 1 to December 15, 1939 inclusive.

By Order of the Board,

D. C. McBRIDE, Sec.

P.S.—Dividends accruing on fully paid shares not as yet registered in the company's stock records shall be set aside and paid only when registration shall have been completed.

Anglo-Canadian Telephone Company

CLASS "A" DIVIDEND NOTICE

NOTICE is hereby given that a dividend of One and One-Half Per Cent (1½%) has been declared on the Class "A" Stock of the Company, payable December 1, 1939, to Stockholders of record at the close of business on November 15, 1939.

By Order of the Board.

GEOFFREY PURDY,
Secretary.

Montreal,
November 7, 1939.

Approve Reorganization For Canadian Bakeries

Canadian Bakeries shareholders approved a plan of reorganization at a special meeting at Calgary on Oct. 30. Lack of a quorum resulted in an adjournment of bondholders' meeting until Nov. 23. No difficulty is anticipated from bondholders in approving the arrangements.

The plan provides for elimination of arrears of dividends on the present first and second preferred shares and exchange for new shares. Each 7% first preferred share would receive one new 5% first preferred share and three new common shares. Each 7% second preferred share would get 7 new common shares, and the existing class A stock would be exchanged for ⅛ of a share of new common.

Class B shares, none of which is outstanding, would be eliminated. Dividends would be resumed on the new preferred stock from Sept. 1, 1939.

Business of Canadian Bakeries is continuing on about the same level as last year, which is adequate to assure payment at the new dividend rate on the preferred.

National Breweries Earnings Are Lower

From Our Own Correspondent

MONTREAL. — Both sales and earnings of National Breweries in the current year to date are below the corresponding period of 1938.

Two factors adversely affected sales of the company. Early in the year the Quebec Government instituted a new system of beer licenses and brewery taxation. This resulted in an increase in the price of bottled beer and restricted the sale of beer by restaurants. More recently, the war taxes of the Dominion Government brought about an increase in the price of beer.

Canada Iron Foundries Pays 2% on Preferred

From Our Own Correspondent

MONTREAL.—Canada Iron Foundries has declared a dividend of 2% on the 6% non-cumulative preferred shares for the half year ended June 30, 1939, payable Nov. 15 to shareholders of record on Oct. 31.

The stock continues on a variable dividend basis. For the first six months in 1938 the payment was 1½%, while in the final six months of 1938 a payment was made of 3½%.

Wheat Glut Pares C.P.R. Earnings

Industrial Traffic Enables C. N. R. to Report Gains

From Our Own Correspondent

MONTREAL.—The glut of wheat in elevators at the head of the lakes and in eastern Canada is having an adverse effect on earnings of the Canadian Pacific Railway.

Throughout September and in the first week of October, the C.P.R. reported a large increase in gross earnings as a result of the larger grain movement. In the second and third weeks of October and in the 10 days ended Oct. 31, however, gross earnings were lower than in the same period of 1938. This was largely due to the slowing up of the grain movement.

C.P.R. gross earnings in the 10 days ended Oct. 31 dropped $570,000, or 10.2%, from the same week a year ago. For the entire month earnings were off $267,000.

Grain Important to C.P.R.

It is well known that the grain movement plays a more important part in earnings of the C.P.R. than in C.N.R. revenues. This is indicated by the fact that C.N.R. earnings have continued to show increases in recent weeks, although not as large as in September. Gross earnings of the C.N.R. in October were $2 millions higher than last year.

In the week ended Oct. 28 the only freight classification to show a lower volume of traffic than in the same week last year was grain, carloadings being 4,096 cars lower.

In the industrial area of eastern Canada the C.N.R. secures a somewhat larger share of the traffic than the C.P.R. This explains its increase in earnings in recent weeks. In the week ended Oct. 28 there was an increase of 4,957 cars in carloadings in the eastern division. In the western division there was a decline of 2,987 cars.

Survey Year-end Stocks of Wheat

Stanford University Finds Greater Accumulations in Recent Years

Year-end stocks of wheat in various producing countries now form an important part of statistical equipment for anyone making an appraisal of the world wheat situation. For the period covered since the Great War there has been no difficulty in securing these vital figures, but hitherto the same did not apply to the period preceding the Great War. Now that situation has been remedied by a recent Wheat Study of the Food Research Institute of Stanford University.

Helen C. Farnsworth is the author of this most recent "Study." "Comparisons between pre-war and post-war years," she writes, "show a materially higher level of stocks than the post-war period. This is largely attributable to growth of population and to the persistence of an unprecedented world surplus of wheat after the bumper harvest of 1928. Less important but significant factors were the increase of world trade and the development of Argentina and Australia as major exporters. Tending slightly to offset these influences were the lower post-war level of per capita wheat consumption and the several factors that combine speed delivery of new-crop wheat from farms to consuming centres."

Miss Farnsworth's survey reveals that there were two major accumulation periods in world wheat history, that of 1893-96 and 1929-35. There are also found to be five years of notably small stocks 1898, 1909, 1925, 1937, and 1938. However, compared with the pre-Great War period the two decades since 1919 have been characterized by much heavier wheat surpluses and less marked wheat shortages.

Can. Commodity Exchange Makes Change in Executive

From Our Own Correspondent

MONTREAL.—John Freeman, of Lovell and Christmas (Canada), formerly treasurer of Canadian Commodity Exchange, has been elected to the vice-presidency succeeding Major James B. Weir, of Oswald and Drinkwater, who retired due to his enlistment with the Canadian Active Service Corps. A. F. McGillis, of Alex. D. McGillis and Co., has been elected to fill the treasurer's post.

Oliver Grignon, of Canada Packers Ltd., has been appointed to the board of directors and board of governors to fill the vacancy created by Major Weir's resignation.

Commodity Prices

Continued belief that government action would be taken to prevent undue price advances again resulted in an irregular trend in the commodity markets.

In wheat, the absence of any active export demand, combined with the plentiful supplies on hand, was the most powerful factor and prices declined. In cotton, strong foreign markets brought a slight upturn. Sugar was easier, under a limited demand. Hides also eased slightly.

	Latest week	Previous week	Same week last yr.
Cattle	$7.25	$7.60	$6.25
Hogs	9.25	9.25	8.75
Copper, lb.	.13	.13	.11¼
Cotton, lb.	.0941	.0931	.0888
Rubber, lb.	.2040	.2005	.1700
Sugar, raw, lb.	.03	.0310	.0305
Silk, lb.	3.42	3.46½	1.88½
Wheat, Man. (bu.)	.68⅞	.69¼	.57⅜
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.14½	.15	.13
Weekly Indices			
Canada (D.B.S.)	79.0	79.0	73.9
Do., Wood Gundy	65.2	65.5	57.1
U. S. Labor	79.2	79.4	77.6
Dow Jones (future)	55.69	55.33	48.23
Fishers'	84.0	83.7	80.4
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)	82.9	83.0	84.1
W'sale (Sept.)	78.2	72.4	74.5
U. S. (Aug.)	75.0	75.4	78.1
Gt. Brit. (Sept.)	105.2	....	98.4

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Week in Wheat

Shrinkage of Shipments Causes Stagnant Trade

World Statistics on Wheat Movement So Far in Crop Year Give One Reason for Weakness in Market

From Our Own Correspondent

WINNIPEG.—Although the extent of price fluctuation is small, Winnipeg cash prices for wheat have sunk below the 69-cent level. One explanation of the stagnation in the Canadian wheat trade is found in published statistics of world wheat shipments, although such statistics are of doubtful accuracy under war conditions. No one can be sure to what extent reporting of shipments of wheat is actually allowed.

But, taking the published figures for what they may be worth, world shipments of wheat so far this crop year are only 157 million bushels, or 40 million bushels less than for the corresponding period last year.

Lately, weekly shipments have been recorded as between 7 million and 7½ million bushels, as against more than 11 million bushels during correspondence weeks last year.

Argentine Shipments

A year ago, Argentine shipments were running an average of 700,000 bushels weekly, or just about enough to take care of the demands of Brazil. Last week they were almost 4 million bushels, well over half the published total for world shipments, and more than twice the published total for North America.

So far, Argentine wheat competition is proving to be much more severe than was anticipated under war conditions. That difficulties of procuring shipping space have not been insurmountable is shown by the fact that total grain shipments, including corn and small quantities of oats, barley and rye, came to nearly 7 million bushels.

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U. S. Crop Conditions

Pessimistic reports of reduced acreage of winter wheat, poor condition of crop actually seeded, and lack of moisture to give hope of revival would be alarming to the United States were it not for a considerable surplus of wheat on hand, in the carryover from last year. The market there is holding at a fairly high level, in view of that fact, and Winnipeg wheat would have to reach $1 a bushel to correspond with exchange and quality differences taken into account.

• • •

Tough Wheat in Alberta

A new problem has presented itself in the handling of the western crop, by the delivery of a good deal of tough and damp wheat, more particularly in Alberta. There snow and rain have covered the whole province. Farmers have been reluctant to delay threshing to allow grain to dry out, for fear operations cannot be completed before winter definitely sets in. The railways, although they have generally embargoed the shipment of grain to the head of the lakes, are supplying a limited number of cars in order that tough and damp wheat can be got into terminal elevators for conditioning. Some of such wheat, from the western part of Alberta is being directed to Vancouver, while the Wheat Board has been shipping to Vancouver its stocks of dry wheat in interior terminals at Lethbridge, Calgary and Edmonton, to make room for wheat which requires conditioning.

• • •

New Member of Board

Appointment of Gordon Smith to be Assistant Chief Commissioner of the Canadian Wheat Board is regarded as a necessary measure to strengthen that body at a time when its responsibilities are very heavy. R. C. Findlay, whom Mr. Smith succeeds, has been treasurer of the board since its inception, but a member only since the retirement of J. R. Murray.

• • •

More British Ships

Observers of the wheat market see some reasons for expecting a change, although they must speculate on facts known only to those who control the movements of British war and commercial shipping.

With the repeal of the United States arms embargo, it is assumed that there should be a large increase in the number of British ships sailing from North Atlantic ports to the United Kingdom. And no matter what other cargo is carried, most of such ships can economically carry some wheat.

The number of ships available to carry Argentine wheat to Great Britain is expected to decline with the withdrawal of United States shipping from the danger zone. Presumably American vessels which have plied regularly between the United States and Great Britain will also have to be replaced with British ships drawn from other routes.

• • •

Financial Difficulties

Then it is assumed that there may have been financial difficulties in making greater British purchases of wheat in Canada during the past two months. The Canadian Government, which has already had to pay for most of the wheat in Canada, would not only lose nothing by selling as much as possible to Great Britain on credit, but would be money ahead in relieving itself of carrying charges.

But the trade supposes that there may have been some technical details to work out before purchases could be made in volume, and that perhaps, in the meantime, British resources in Canada are being conserved for other essential needs.

Finds Winter Wheat Crop Facing Disastrous Failure

The United States is faced with one of the worst winter wheat crop failures in its history, according to advices to The Financial Post from Kansas City by Gordon Brown, Regina crop analyst.

Completing a survey covering some 3,700 miles through the states of South Dakota, Nebraska, Colorado, Kansas, Texas, Oklahoma and Missouri, he reports that the condition of the winter wheat crop in these states (well known as the bread basket of the nation) is fast approaching the proportions of a major calamity. It can be compared only with the disastrous failure of the spring wheat crop in western Canada during 1937, he adds.

Lack of surface moisture, lateness of seeding, poor germination, loose seedbed and unseasonable high temperatures have all contributed, he finds, to this deplorable situation. Present indications point to a reduction in acreage to be sown to winter wheat this fall of from three to four million acres below that of last year and a reduction of some 15 million acres from the all-time high acreage sown to winter wheat during the fall of 1936.

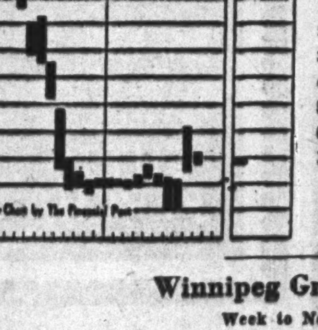
U. K. Regaining Markets Buying Argentine Wheat

In an article in The Canadian Chartered Accountant for November, Dr. H. C. Grant, associate professor of political economy at the University of Manitoba, and one time commissioner of the Canadian Wheat Board, offers an explanation for the apparent unwillingness of Britain to buy Canadian wheat at the moment. "It would be the part of wisdom," he says, "for the British Government to 'mop up' the wheat supplies of the Danube basin. Wise because it would deprive Germany of potential sources of supplies, and it is also wise to make purchases in those countries whose friendship you desire to maintain and whose economic structure needs support against the economic penetration of our enemies.

"So also is there good reason to continue purchasing Argentine wheat and thus keep our export markets in South America for Welsh coal and other products. Germany has been making great inroads into South American markets. This is the time to regain these markets.

"We should then not be too hasty in condemning the present British wheat purchasing policy."

Wheat Prices



	For Week Nov. 7 High	For Week Nov. 7 Low	Prev. Week High	Prev. Week Low
1 Hard	.69¼	.68⅞	.70¼	.69⅛
1 Northern	.69¼	.68⅞	.70¼	.69⅛
2 Northern	.67½	.67	.68¼	.67¼
3 Northern	.66⅝	.65⅞	.67	.66¼
4 Northern	.64½	.63⅞	.65¼	.64½
5 Wheat	.60¼	.59⅞	.60¾	.60⅛
6 Wheat	.55¼	.54⅞	.56⅞	.55⅜
Feed Wheat	.54¼	.53⅞	.55¼	.54⅛

Winnipeg Grain Futures

Week to Nov. 7, 1939

Crop year from Aug. 1, 1939 High	Low		Open Nov. 1	High for week	Low for week	Close Nov. 7	Close year ago
		Wheat					
.85⅜	.51⅜	Nov.	.69¼	.69⅝	.68¾	.69⅛	.57½
.85	.51½	Dec.	.70¼	.70½	.69⅜	.70	.57⅝
.88	.54⅞	May	.75⅛	.75⅛	.74⅝	.74⅞	.60⅛
.77⅛	.76⅛	July	.....	.77⅛	.76⅛	.76⅝	.....
		Oats					
.40	.30¼	Nov.	.....	.32⅝	.31¼	.32	.....
.41	.28⅛	Dec.	.31⅞	.32⅜	.31⅛	.31¾	.26½
.45¾	.27½	May	.31⅞	.33⅛	.31⅝	.32⅞	.27⅞
.33⅛	.32	July	.....	.33⅛	.32	.32⅞	.....
		Barley					
.53	.42	Nov.	.....	.43½	.42	.43½	.....
.49⅝	.32⅜	Dec.	.43⅛	.43⅛	.41½	.42⅜	.34¼
.51⅝	.33⅝	May	.43⅞	.44⅞	.43¼	.44⅝	.35⅛
		Flax					
1.75½	1.55	Nov.	1.60	1.61¼	1.59	1.59	1.29
1.76	1.23¾	Dec.	1.59¾	1.61	1.58¾	1.58¾	1.28¾
1.81	1.49	May	1.58¼	1.62⅞	1.57¼	1.61	1.30⅛
		Rye					
.62½	.52	Nov.	.....	.58½	.56	.56¾	.....
.61	.37½	Dec.	.58	.58	.55½	.58	.38⅛
.68	.40	May	.57¾	.58¾	.57¼	.58¾	.40¼
.58¼	.58	July	.....	[illegible]	.58	.58	.....

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The property consists of 19 minerals claims, more or less, included in the group known as the Edye Pass property with electrically driven No. 25 Marcy mill, including 2 Petter engines and compressors and all accessory equipment required for mining and milling operations.

Inventory may be seen at the office of the undersigned and the property inspected by arrangement.

Tenders to be in double sealed envelopes, marked on the outside. "Tender on Porcher Island Mines Ltd."

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Week in Mining

Canadian Mining Wins $72 Millions War Order

Separate Deal Made on Lead and Zinc For Total Exports For Duration of War—Meeting-goer Calls Quits

The Canadian mining industry now has about $72 millions of British war orders. That, in very round figures, is the sum involved in the copper, lead and zinc deals made by Canadian producers with the United Kingdom.

During the past half dozen years when every few months the clouds of war hovered low over the western world, the contribution that Canadian mines would be able to make to British military needs became greater every month. It is abundantly clear how important Canadian gold is proving to the Empire effort. Canadian mining, the first great Dominion resource to be called upon in a big way, already gives this country just claim to the name "Empire Arsenal."

* * *

Takes Exportable Total

As indicated in The Financial Post previously, the lead and copper deal was made separate from the copper deal largely because of the different marketing situation and the small number of firms involved. Britain has contracted for the whole of Canada's lead and zinc exports for the duration of war.

The lead order representing the total exportable production of Consolidated Mining and Smelting Co., the only big Canadian producer, involves some $14 millions. The zinc order which will be shared by Smelters and Hudson Bay Mining and Smelting, the two big producers, involves some $12 millions. Both figures are on the basis of 1938 production. In view of the emergency, it is considered likely that production will be increased.

Following shows 1938 lead and zinc output and exports.

1938	Lead	Zinc
	(In millions	pounds)
Output	418.9	381.5
Total exports	334.8	369.5
Exports to U.K.	225.6	200.1

* * *

Works Both Ways

Price at which the metal is purchased is not divulged. Consolidated Smelters made a similar deal with the British Government during Great War I and the price was never divulged. It is indicated in quarters that should know, however, that price basis for this deal is somewhat higher than the price prevailing at the outbreak of war. One estimate has it that the contract price for lead is around $67.20 per short ton compared with the $60.46 average price prevailing in the quarter of the year prior to war. The zinc price is also believed higher, $68.20 compared with $57.40.

These arrangements are advantageous to both parties. Britain gets vast supplies at a moderate price. Producers keep their price structure and market stabilized and have no shipping or high freight-rate problems.

* * *

Meeting Goer

One of the most inveterate annual meeting goers — apart, of course, from Mr. "one-share" Sweeney—is calling quits. He was the rotund, amiable and obliging James L. Ashley, since 1902 treasurer and since 1911 secretary-treasurer of International Nickel Co.

In the intervening 37 years Mr. Ashley has never missed an annual meeting of his company. Last time, he told us he regarded his yearly visit to Canada as one of the pleasant things in the year he looked forward to. A quiet fisherman sort of fellow, he had watched his company grow into one of the greatest mining enterprises in the world.

Mr. Ashley is not leaving the company. He retires under the company's pension scheme from an active executive post but will remain a member of the board.

* * *

Two Successors

Two men succeed him. New secretary will be Henry S. Wingate, assistant to President Stanley. New treasurer will be William J. Hutchinson, who was formerly a director and member of the executive committee until he retired in 1934 due to pressure of other business. He again becomes a director following the retirement of W. W. Mein of San Francisco.

* * *

Found Guilty

Leaders of the strike at Pioneer Gold Mines, all officers of the C.I.O. affiliated union, have been found guilty of unlawfully calling a walkout in violation of the province's new Conciliation and Arbitration Act and fined. They are now free on $1,500 bail, and the case is to be appealed.

* * *

Not So Good

France went into the American copper market last week for a reported total of about $42 millions worth. It is understood that France has to pay the going U.S. open market price of 12½ cents a pound, or 13c. New York shipside. The British deal looks pretty good in comparison. The price paid Canada is lower, the supply is more certain and there is a guarantee against price rise.

Already pressure is growing in United States for pushing up the copper price, it is understood. Many producers there are marginal and they don't yet see satisfying profits. With memories of 35-cent copper from the last war, the two-cent rise so far in Great War II looks like pretty small potatoes.

The U. S. Government, however, has a big arms programme of its own in the making and remembers as well as the Canadian the headaches that can follow profiteering.

ISLAND MOUNTAIN

A dividend of 7 cents per share has been declared by Island Mountain Mines Co., payable Dec. 15, 1939, to shareholders of record Dec. 1. Last previous payment was 8 cents a share on May 15.

Mill Rate Cut At Lake Shore

Reduction is Safety Measure to Protect Miners

Increasing occurrence of rock bursts associated with greater depth of mining operations, has resulted in the decision of Lake Shore Mines to reduce tonnage treated from 2,500 to 2,000 tons daily, effective Nov. 1. The step is taken in order to reduce frequency of bursts and to allow certain contemplated changes in mining sequence to be put into effect.

Speaking with Dr. W. P. St. Charles, Lake Shore president, The Financial Post was informed that bringing back the tonnage to 2,500 tons daily will depend entirely on future developments. Dr. St. Charles was hopeful, however, that the problem of rock bursts at depth can be solved. Steps already taken have proved helpful, he stated. Rock bursts are a thing to be expected with depth mining, the management now believes.

Letter to Shareholders

In a letter forwarded to shareholders announcing the reduction in the milling rate, Dr. St. Charles reviews the situation as follows:

"For a number of years a great amount of research work has been done at Lake Shore Mines both from the practical and scientific point of view. One of the world's greatest authorities on rock burst problems was retained by the company for the purpose of obtaining the benefits of his knowledge. This engineer has had many years of experience in the Mysore Gold Mines of India, the only other camp where the structural conditions resemble those of Kirkland Lake.

"The Ontario Department of Mines is to be congratulated for the appointment, made early in the present year, of an outstanding engineer who is conducting a scientific study of the rock burst problem as it will affect the mines of the Province of Ontario.

"There is considerable reason for confidence in the belief that the studies being conducted in the research departments at Lake Shore and other mines, as well as by other groups interested in the subject, will result in additional new information which will be put into use in lessening the risks associated with deeper mining in the property owned by your company."

San Antonio Production $936,326 Up to Oct. 7

Production of $936,326 is reported by San Antonio Gold Mines from Jan. 1 to Oct. 7, 1939, from milling of 90,073 tons of ore for an average recovery of $10.39 per ton. Costs amounted to $4.73 per ton including shaft extension costs but before depreciation and income tax charges.

Liquid assets as at Oct. 7, 1939, totalled $784,094, comprising $551,545 cash, $62,151 bullion, $50,253 ore in process, $114,655 stores and $5,490 of accounts receivable. Current liabilities amounted to $83,574, leaving $700,520 working capital.

Earnings of Gunnar Gold Equal to 6 Cents a Share

An estimated net profit of $161,757, equal to six cents a share, is reported by Gunnar Gold Mines for the nine months ended Sept. 30, 1939. Profit for the full year 1938 was equal to 6.6 cents a share.

Production for nine months of 1939 was $484,717 from 36,716 tons of ore milled for an average recovery of $13.20 per ton. Development, operating and administrative expenses absorbed $265,008 while depreciation was $25,886 and development written off, $27,929. Other expenses were $11,381. After inclusion of $7,244 for interest and dividends received, net profit was as above.

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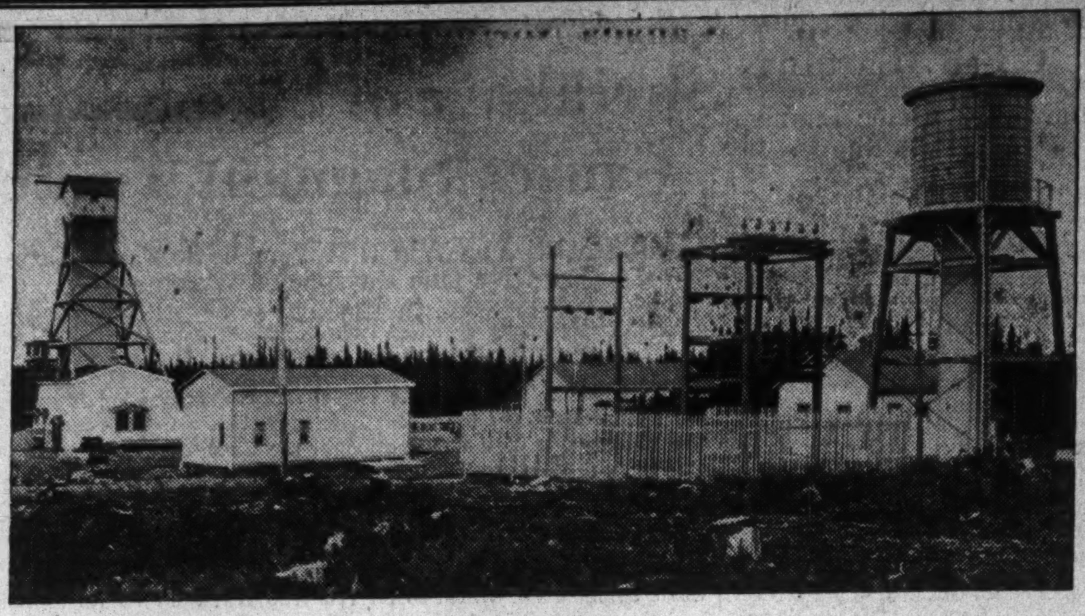

STARTS ORE SHIPMENTS

Last Saturday Broulan Porcupine Mines, pictured above, graduated to the ranks of the producers when shipments of ore were commenced to the leased mill of Mace Gold Mines. A big mucking machine is to be used underground, right in the stope, with ore cars at each end. This will be the first time that this has been done in Canada, it is believed.

Broulan—Newest Producer

Porcupine Property Starts Operation of Mace's Mill Under Improved Scheme

By GORDON M. GRANT
Staff Writer, The Financial Post

Over last week end Broulan Porcupine Mines became a full-fledged producer when operations started in the leased mill of Mace Gold Mines. Porcupine field's latest producer is located in the northeastern section adjoining to the south of Hallnor and Pamour Porcupine Mines.

By leasing the Mace mill, the company not only saved approximately $300,000, which a similar mill would have cost, but commenced production much earlier than appeared possible a few months ago. Present arrangements are very satisfactory. Ore is trucked to mill over 10 miles of concrete road at a cost of 44 cents a ton, with payment for the mill on a rental basis of 20 cents a ton.

The mill remains available just as long as it is wanted. Should Broulan wish to build a mill of its own at some future date, use of the Mace can be discontinued on three months' written notice.

Large Ore Reserves

Ore reserves ahead of the mill are very large. Even with perhaps 25% to 30% of the ore to be sorted out and discarded as waste, tonnage to be treated is sufficient to keep the Mace mill in operation at 250 tons daily for approximately four years. This is suggested by the underground work completed to date.

On the 173-ft. level the ore area opened up is equal to 1,389 tons per vertical foot with an uncut grade of $14.36 per ton or a cut grade of $8.98 per ton. On the second level, at 273 ft., work has outlined 1,340 tons of ore per vertical foot averaging $10.69 uncut or $9.50 cut per ton. So far at the 398-ft. level an area giving 380 tons per vertical foot is disclosed averaging $10.47 uncut or $9.96 cut. On the 523-ft. level the ore runs 312 tons per vertical foot averaging $11.15 uncut grade and the same grade cut.

A great deal of development remains to be done on all levels so that the tonnage of ore now indicated may be materially increased as development progresses. The ore body on the bottom level at 523 ft. has an average width of 22 ft. and is open and strong on the eastern end.

Good grade ore has been indicated east of a fault on the 273 and 398-ft. levels, and this ore may extend to the first and fourth levels. On the 273-ft. level, four consecutive holes spaced approximately 25 ft. apart gave core lengths as follows:

Core length ft.	Average value uncut	Average value cut
19.8	$23.15	$15.70
22.0	42.98	32.64
17.0	12.95	12.95
15.0	19.71	19.71

This ore is open to the east of the last hole.

On the 398-ft. level, east of the fault, ore has been intersected in three holes shown below with ore continuing to the east:

Core length ft.	Average value $
18	13.78
19	7.35
18	9.80

Drifts are to be extended on 273 and 398-ft. levels to explore for the further extension of the ore beyond these values in drill holes.

Ore Between Levels

Inter-level drilling from the first crosscut on the 398-ft. level has yielded better than average results. The crosscut yielded 10.8 ft. averaging $19.03 with about 50 ft. of low-grade material immediately south of the drift. A hole drilled from the crosscut 50 ft. south of the drift to the north at an angle of 50 degrees gave 113 ft. of ore running from $5.98 to $8.56 per ton.

Another hole drilled from the south end of this crosscut to the north and up at the same angle as the other returned 30 ft. averaging $147.71 uncut or $16.39 cut grade and a further 25-ft. section averaging $8.97. A hole drilled down at 25 degrees at the same location as the first drill hole intersected 40 ft. $20.65 uncut grade or $16.47 cut grade and a further section of 20 ft. running $6.08.

These three drill holes give splendid indication of the continuation of ore between levels.

Further ore has been located recently at the 173-ft. level. A crosscut, the 102-2 to the north, has cut 3.7 ft. of ore averaging $56.52. A drill hole 25 ft. to the east shows 4 ft. averaging $35.35 uncut or $15.10 cut grade. Drifting will determine the extent of this ore. A crosscut through the No. 4 ore body at this level has returned an average of $12.40 across 60 ft.

All values are calculated with gold at $35 an ounce and cut grade is after reducing high assays to $50.

To Explore Other Sections

All ore indicated to date is located in a zone approximately 250 ft. wide between shaft and the south boundary of the Pamour property. No exploration has been carried out below the 4th or 523-ft. level as yet, so that the management has no knowledge as to how much additional ore may be located at depth. The general formation dips north at 70 degrees and part of the ore zone appears to be dipping with the formation but there is evidence that individual ore bodies may dip vertically or to the south.

The company plans to carry out further testing at once in the vicinity of the already indicated ore. Exploration of more distant sections of the property will be carried out by extending the drifts on the 523-ft. level east and west with diamond drill holes extending north and south from these drifts.

Sorting Will Raise Grade

Construction of a sorting belt is under way and completion expected in two weeks time. While sorting decreases total tonnage of ore to be milled, higher mill heads should raise margin of profit realized. Sorting is simple as values are in white quartz and waste is black. When ore is all coming from the mine it is estimated that with sorting, the mill grade should be $10 per ton or better, according to President Bert W. Lang.

Low tailings should be realized. Ottawa tests indicated 24-hour agitation would give 35-cent tails and that 48-hour agitation would give 17-cent tails. The Mace mill may have the tankage capacity for 48-hour agitation, but this is one of the things which is not known yet. Tests suggested treatment to be simple, easy and efficient with standard cyanidation.

Starting on Low Grade

As is usual with new gold mines, low grade rock is being put through the mill until the circuit is filled up. Ore is mostly coming from the surface stock pile of about 8,000 tons and mill heads may be below mine average until the stock pile is finished. With completion of the sorting belt in about two weeks it is possible material from the surface dump will be sorted. This would improve recovery. The mill was started at below 250 tons daily and will be gradually increased to 250 tons.

Estimate of Costs

Estimating operating costs accurately is difficult at the best of times, but from present indications costs of about $5 to $5.50 a ton are believed likely by the management. Non-operating expenses should be very low. Depreciation will be almost negligible. The company has no mill to depreciate and other equipment does not represent a great investment.

Standard practice is to write $1 per ton of ore milled off pre-production development expenses, but in view of the large tonnage of ore ahead of the mill, officials feel writing off only 75 cents a ton would be ample.

Like all new gold mines, the company enjoys an exemption from corporate income tax for the first three years of its productive life. What bearing the excess profits tax will have is not clear at present. The Ottawa authorities are expected to modify the tax as it affects new mines but nothing has yet been done.

Financed By Haras Corp.

During a period when financing has been unusually difficult due to war scares, Haras Corp. has supplied the company with $323,750 for 900,000 shares of stock. A further 100,000 shares are underwritten for $23,750 payable by Dec. 1. Haras Corporation is entitled to a bonus of 100,000 shares of stock on completion of the underwriting, providing the company is in production on a profitable basis. When the underwriting is completed there will be issued and outstanding 2,594,005 shares, leaving over 400,000 unissued in the treasury.

Sufficient working capital is available to carry the operation until bullion returns are available, the company states.

Lang is President

President Bert W. Lang has brought the company along from the early prospect stage. He is also president of the adjacent Ventures-sponsored Hoyle Gold Mines and was formerly assistant controller of Goodyear Tire and Rubber Co. Vice-president is A. R. Caldwell, a special consultant on customs and tax problems.

Other directors are George B. Webster, president of Kerr-Addison Gold Mines, J. Bradley Streit, representing Haras Corp. and O. H. Barrett, formerly secretary of Goodyear Tire and Rubber Co., and now a major in the Canadian army.

Week in Oils

Big Winter Decrease Now Seen Eliminated

Chances of Cutting Out Competition of U. S. Crude on Prairie Market Considered Good — Is Northern Limit Approached?

CALGARY.—It is now pretty well established that the very slim producing days for Turner Valley which put a severe crimp on profits and on continued development last year, will not be experienced this year, perhaps never again.

Last January, Turner Valley was down to 10,000 barrels a day for a while. That there will be no reduction from the present 27,500 barrels daily is not expected, but there are various factors which suggest a much better winter market.

Complete elimination of U. S. crude on the Canadian prairie market would add perhaps another 5,000 barrels to the daily available market.

Possibilities Vast

The McColl - Frontenac - Texas Corp. deal, reported last week, is likely to mean that this big chain of outlets will use Turner Valley crude, adding probably 3,000 barrels daily to the Alberta market. The two big distributors, Imperial and B. A., are almost sure to be taking more of the Canadian product. One of them is already shipping it as far west as Winnipeg.

How great an effect the Empire air-training scheme may have is still, of course, just a matter of possibilities, but they are vast.

* * *

Another Try

Brown No. 3, one of the rare-as-hens'-teeth dry holes in Turner Valley, is getting another try. It is now getting a drastic acid treatment and some improvement in the gas flow is noted already. Operators are understood still hopeful that something can be made of it.

* * *

Running Faster

The new Royalite well No. 42 has been assigned 763 barrels daily quota, making it the second largest in the field. Two other wells have had their allowables increased. Command No. 1 is raised from 274 to 323 barrels, retroactive to Oct. 14. Wax was cleaned out of the tubing. British Colonial, which has been having a little gas trouble, is allowed to go "up to its sharing position of 417 barrels." The well, therefore, is going as hard as its gas pressure will permit and is producing about 335 barrels daily.

* * *

Not So Bad

The Argus Royalties, the very important central west flank test, looks as if it will be a fair producer, although the lime has proved very tight and further acidization is now under way. The Anglo Canadian 8 in the same part of the field looks very good and there is very general satisfaction with these preliminary operations in this new area.

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Saint John Port Traffic Reflects War Conditions

From Our Own Correspondent

MONTREAL.—Wartime conditions had their effect upon traffic handled at the port of Saint John during October. Export movement amounted to only 27,305 tons, as against 45,343 tons a year ago. On the other hand, the inward movement was heavier, totalling 66,719 tons compared with 55,180 tons a year ago.

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War Metals—Chromium

Big Supplies Chromite Ore in Empire Countries — Germany Has None

This is the eighth in The Financial Post's series on war metals, with particular reference to the Canadian situation.

What is chromium's use in wartime?

Chromium is one of the principal elements in the manufacture of alloy steel for armor plate. It is therefore a key metal in wartime. Use of chromium steel makes possible satisfactory heat treatment of machined forgings and rolled products for the steel industry. Without chromium steel, manufacture of mechanized equipment and airplanes would be severely handicapped. Tool and machine parts contain chromium to withstand stress and strain of high-speed machinery.

Strength and toughness are important qualities of chromium. Stainless steel plates one sixteenth to one eighth of an inch in thickness afford the same strength, rigidity and protection as ordinary carbon steel plates and sections weighing four or five times as much. Chromium thus helps fill the demand for light strong metals for the airplane industry, possibly also for armoring tanks.

* * *

Where is the world's chromite ore produced?

Production of chromite comes chiefly from Asia, South Africa and Europe. The British Empire produces over a third of the total. Chromite production in 1938 was as follows:

	Metric tons
U.S.S.R.	†217,000
Turkey	205,000
Southern Rhodesia	186,019
Union of South Africa	183,570
Philippine Islands	66,911
British India	*63,307
Greece	*52,620
Jugoslavia	51,000
New Caledonia	*48,022
Cuba	40,163
Japan	†39,039
Brazil	*2,980
Bulgaria	*2,350
Cyprus	*1,641
United States	825
Australia	*466
United Kingdom	*305
Norway	*176

†Figure for 1936; latest available.
*Figure for 1937; latest available.

* * *

Is Germany likely to have a shortage of chromite ore?

Germany itself produces no chromite ore and all requirements must be imported. Stocks built up prior to war are not known. In 1938, Germany imported 176,406 tons of ore compared with 132,162 tons in 1937. Of the 1938 total, 34% came from the Union of South Africa and 30% from Turkey. South African supplies are, of course, no longer available and the British are probably buying in Turkish and Balkan markets to prevent supplies reaching Germany. Soviet Russia has a large production but very little has been available for export in recent years. Even if the U.S.S.R. should be willing to infringe on consumptive requirements to export to Germany, there would still be the problem of payment and transportation over an inadequate transportation system.

* * *

Is any chromite, the ore of chromium, produced in this country?

There is usually a small annual production of chromium from the Thetford-Black Lake area of the eastern townships of Quebec but no shipments were reported for 1938. The Asbestos Corp. of Canada has mined chromite at one of its properties in the Thetford Asbestos field, southern Quebec. Development by Chromium Mining & Smelting Corp. on the property at Obonga Lake, near Collins, Ontario, did not reveal a deposit of commercial ore. The company is endeavoring, however, to find a deposit to eliminate dependence on foreign ores for its needs. Chromium values have been found all the way from the Maritimes to British Columbia, either alone or associated with other metals.

* * *

What is Canada's connection with chromium production?

While no chromite (chromium ore) is produced in Canada at present, Chromium Mining & Smelting Corp. is processing imported chromite at its smelter at Sault Ste. Marie, Ont. Present capacity is estimated at 30,000 to 40,000 lb. of chrome products daily. The company controls the Udy process which allows utilization of low-grade ores not otherwise commercial.

The Udy process results in production of Chrom-x used in place of ferro-chromium. No ferro-chromium is produced in the United Kingdom at present so Canadian production of Chrom-x might prove of unusual importance particularly if Norwegian and Swedish supplies of ferro-chromium should be cut off.

Production of ferro-chromium and Chrom-x from chromite requires large supplies of electric power just the same as production of aluminum from bauxite. For this reason most of the world's chromite is exported from countries of origin. With steps being taken to expand supplies of electric power in Canada, it is conceivable that processing of chromite may be one way Canada can contribute to the Empire's war effort.

* * *

Where is Chromium Mining & Smelting Co. securing its chromite ores?

At last report Chromium Mining & Smelting was securing its chromite ore from eastern sources. The company utilizes a low-grade ore costing around $16 a ton compared with $23 a ton for better grade ore. Metal content of low-grade and high-grade ores shows only a small variation; nothing like the difference in price.

Anticipating war, officials laid in a supply of ore to last until next spring in case of disruption of sources of supply. Earlier this year the company did some work on a chrome deposit in Cuba and if necessary chromite ore can be imported from that country. Organization of the British convoy system, however, is expected to allow a steady flow of chromite ore.

* * *

How does Chrom-x, the product of Chromium Mining & Smelting Corp., differ in use from ferro-chromium, the usual vehicle for making high-chrome steel?

Direct use in the open hearth furnace is the chief industrial advantage claimed for Chrom-x. Manufacture of high-chrome steel with ferro-chromium requires electric furnaces, resulting in much higher costs.

Chief steps of the Udy process for production of Chrom-x are the following:

1. Beneficiation of chrome ores.
2. Controlled reduction of chrome ores through control of slag composition.
3. Use of oxidized ferro-chromium in forming exothermic mixtures.

The actual processes for making Chrom-x are trade secrets.

Mining Enquiries

Wright-Hargreaves

Could you tell me if Wright-Hargreaves carries on back-filling operations? Something on the ore situation would also be appreciated.

Wright-Hargreaves Mines operates a number of gravel pits to supply back-fill for its mine. During four months of last winter, some 66,000 tons of gravel were delivered at the mine for this purpose.

Exploration has revealed no tendency of ore bodies to "bottom out" at depth in either the Lake Shore or Wright-Hargreaves Mines, unlike the situation at Teck-Hughes Gold Mines farther to the west. The theory is that Lake Shore and Wright-Hargreaves are in a section of the camp which is separated from Teck-Hughes by a fault. Development on the bottom level of Wright-Hargreaves has given high-grade ore at least as good as on the levels above. At Lake Shore, values have tended to be somewhat lower as depth has been reached.

Development at depth in the Wright-Hargreaves Mine during the 1939 fiscal year was handicapped by the extensive programme of raising for ventilation openings. This work is now practically completed and during the coming year greater progress in lower level development will be possible. Ore reserves remain very substantial at fully four years' milling requirements.

Hollinger

Please give me some information on earnings and ore reserves of Hollinger Consolidated.

Hollinger Consolidated Gold Mines reported earnings of $1.15 a share in 1938, which more than covered the dividends paid during the year, comprising 65 cents at the rate of five cents every four weeks, plus extras totalling 45 cents a share. Earnings for the first six months of 1939 amounted to 51 cents per share, indicating that profits for 1939 may be somewhat lower and closer to the 1937 level of earnings of $1.07 a share. Profits have not fluctuated greatly during the last six years, high being $1.32 per share in 1934 and low $1.03 in 1935.

The Hollinger Mine continues to respond favorably to development, both latterly and at depth. Ore blocked out is equal to over six years milling requirements at the present rate and average grade is over $2 per ton higher than the average recovery of the last few years. The company has been concentrating on cleaning up low-grade patches of ore on the upper levels, and profits may rise when this is completed. The present higher price of gold may have the effect, however, of bringing about treatment of ore with a still lower gold content.

Yama Gold

What work has Yama Gold Mines been carrying on in the last year?

Following diamond drilling which indicated a number of wide medium to low-grade ore deposits, Yama Gold Mines sank a shaft and is now carrying out lateral exploration on the 250-ft. level. Officials have been very encouraged by results. Values have run higher than diamond drilling indicated and sections which previously appeared below ore grade, now apparently possess commercial possibilities.

A great deal more work must be done before mine-making possibilities can be determined, but at the moment the situation appears encouraging. While some very high values have been mentioned, it must be realized lower grade ore will probably provide the bulk of material opened up. If mill heads of $8 to $9 a ton are obtained officials will likely be well satisfied.

National Gypsum Co. May Expand in Canada

M. H. Baker, president of National Gypsum Co., recently hinted that this U.S. company might expand its operations in an effort to obtain a greater share of the Canadian market. Apparently, the company does not plan to establish Canadian plants right away, but Mr. Baker indicates that such an action might be taken within the next year or two.

National Gypsum (Canada) Limited, a wholly owned subsidiary of the U.S. company, owns and operates extensive gypsum deposits in Nova Scotia. Material from these deposits in Nova Scotia is shipped to various plants in the United States. The company also sells to Canadian companies.

Aluminium Ltd. to Pay $4 Dividend on Common

From Our Own Correspondent

MONTREAL. — Aluminium Ltd. has declared a dividend of $4, in Canadian funds, on the common stock, payable Dec. 15 to shareholders of record Nov. 24.

Previous payment of 25 cents, plus a stock dividend of 10%, was made as an initial dividend on the common April 28 last.

Placer Develop. Net $1.26 a Share

Holdings in Bulolo and Pato Are Maintained—Cash Assets Up

Slightly lower profits were experienced by Placer Development for the fiscal year ended April 30, 1939, with earnings equal to $1.26 a share against $1.31 a share the previous year. Almost 90% of income is dividends from Bulolo Gold Dredging in which a 30% stock interest is held.

In the year ended April 30, 1939, Asnazu Gold Dredging recovered 10,191 oz. of gold from 1,658,700 cu. yds. Profit of $72,066 was realized after all charges but depreciation and depletion. Lower recovery was due to a low grade area. Recoveries from now on are expected to be more normal. Reserves are 29 million yards averaging 32.9 cents and 69 million yards averaging 13.3 cents.

Rutherglen Gold Dumps and Gold Dumps Proprietary had operating profits of £63,000 Australian and £53,620 Australian respectively in their latest fiscal years.

Income and Surplus Account Years Ended April 30

	1939 $	1938 $
Dividends received	1,001,667	1,085,879
Interest & exchange	......	29,772
Total income	1,001,667	1,115,651
Less: Admin. & gen. exp.	25,042	56,271
Property examins.	37,490	101,489
Income taxes	2,934	1,398
Net profit	936,201	956,493
Less: Dividends	876,000	876,000
Surplus for year	60,201	80,493
Add: Prev. surplus	1,309,575	1,229,082
Less: Com. on prop. sales	175,000	......
Spec. res. approp.	126,443	......
Surplus forward	1,068,333	1,309,575
Earnings Per Share and Dividend Record:		
Earned	$1.26	$1.31
Paid	1.20	1.20

Working Capital As at April 30

	1939 $	1938 $
Current assets	1,066,775	862,431
Current liabilities	63,804	7,694
Working capital	1,002,971	854,737

Canada Northern Operations Widen

More Power Sold But Higher Expenses Reduce Net

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp. reports an output in September of 61,398,689 kw.h., as against 57,457,427 in the same month a year ago.

Cumulative production for the nine months ended September this year totalled 556.8 million kw.h., compared with 517.8 million kw.h. for the like period of 1937.

However, higher expenses cut into profit. Comparative figures on earnings for September and the nine months ended September, 1939, and 1938 respectively, follow:

September	1939 $	1938 $
Gross earnings	440,325	432,177
Operating expenses	216,222	201,807
Net earnings	224,103	230,370
Nine Months Ended Sept. 30		
Gross earnings	3,918,623	3,805,114
Operating expenses	1,917,604	1,755,919
Net earnings	2,001,019	2,049,195

Kirkland Lake Profit Up In First Three Quarters

Earnings of 9.85 cents a share are reported by Kirkland Lake Gold Mining Co. for the nine months ended Sept. 30, 1939, compared with 9.33 cents in the same period last year. Bullion production at $1,207,462 from 72,856 tons of ore in 1939 showed increases in both total recovery and tonnage treated over the $1,057,960 won from 68,732 tons of ore in nine months of 1938.

Expenses are stated to be running higher than last year, due to increased development work in preparation for tonnage increases to take place about the first of 1940. Development is said to be responding satisfactorily. The work of additions to and replacements of plant is proceeding up to schedule.

Mining Concentrates

Amm Gold Mines showed little change in production in October from the previous month:

1939:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
October	5,028	162	5.37	*27,000
September	4,616	154	5.88	27,148

*Approximately.

* * *

Amorada Gold Mines, one of the originals in Heenan township, just northwest of Opeepeesway Lake, is having considerable supplies flown into the property in anticipation of an active winter of exploratory work on their new gold discovery. A crew of men is already on the ground and work is under way. A crew of 10 men has also been sent to the Burke property which last week was taken over by Springer Sturgeon Gold Mines and incorporated with that company's property in the new field.

Eldorado Gold Mines has not received payment for the underwriting on 24,000 shares at $4 a share due Nov. 1, 1939, and also for the option on 46,000 shares at $2 a share, exercisable under an amended agreement with Harry Snyder Ltd. The company is at present considering steps to be taken in view of the default.

* * *

Straw Lake Beach Gold Mines plans to issue $15,000 of income debentures and perhaps an additional $15,000 later to provide funds for shaft-deepening from 425- to 575-ft. depth. Debentures will be payable out of 50% of net profits from operations before allowing for depreciation or depletion. In lieu of interest, company will pay 6,666 shares with each $1,000 par value of debentures purchased and will give purchaser an option on an additional 6,666 shares at 5 cents within eight months of issue. Holders of first debentures will have right to subscribe for additional debentures up to Apr. 1, 1940. In addition, 20,000 shares are to be issued W. W. Stoner as commission on sale of the debentures.

* * *

Spud Valley Gold Mines has increased its ore reserves considerably in the last six months, with reserves now reported at 70,000 tons averaging $15 to $20 per ton compared with 44,826 tons averaging $28.57 on Feb. 1, 1939. The latest estimate makes no allowance for possible ore. It has been found considerably lower grade ore can be treated profitably with the result that shrinkage stopes over widths of 3 to 3.5 ft. average approximately $17.50 a ton. The main vein has been drifted on for 700 ft. on the fifth level, of which 450 ft. is in ore. A tunnel is now being started on the Roper vein which lies 550 ft. south of the Goldfield vein.

* * *

The Kenty Mine, pioneer find in the Swayze district northwest of Sudbury, is now in production, with a small four-stamp mill operating, under supervision of Miner Kenty, one of the stakers. These operations, after a long period of inactivity, have aroused new interest in the nearby field, the **Chuck Mining Syndicate** having staked nine claims, three in Denyes township and six in Swayze. Work shows one vein traced 500 ft. from surface work and trenching values of $10 per ton are reported for 100 ft. over a width of 52 inches and values of $8 for 175 ft. over the same width.

Fairchild Conversions

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft Ltd. has issued an additional 1,200 shares of common stock. These shares were in exchange for $6,000 principal amount of the company's 5% convertible notes and bring the number outstanding to 126,800. Up to date 6,800 shares have been issued in exchange for notes surrendered.

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When, during the reign of James I., clay pipes were first made in England, the bowls were only a quarter of an inch across — about the width of a cigarette! They were so small because tobacco was *so* precious. It cost three shillings an ounce. Three shillings then was worth eighteen shillings now. So, roughly speaking, tobacco 300 years ago cost the equivalent of $72.00 a pound.

In those days it was stated officially, "Some of the gentry bestow three and some four hundred pounds a year" on tobacco. Four hundred pounds under James I. had the same buying power as $12,000 under George VI. So, it was only "the gentry" who could enjoy tobacco.

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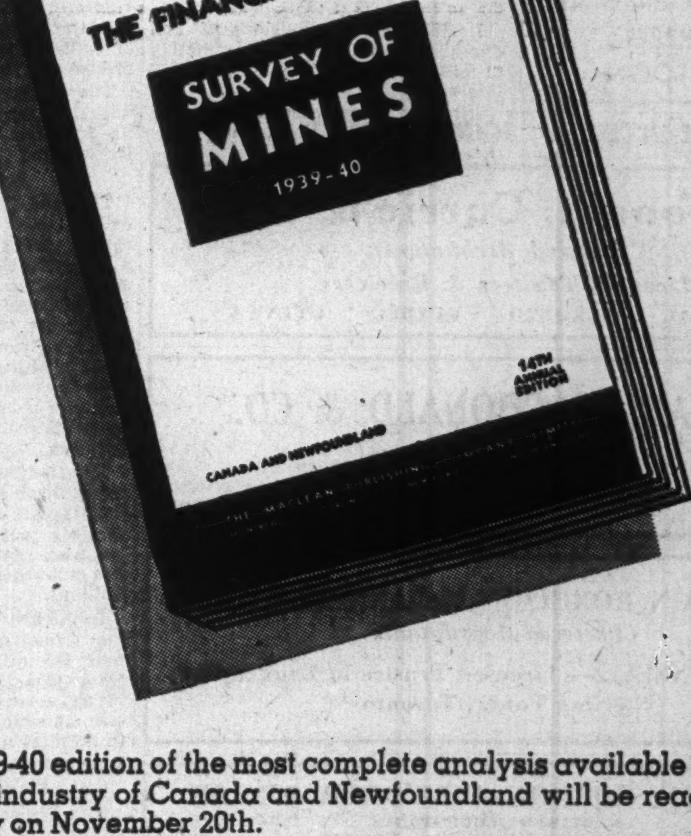

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British Exporters Carry On

Hope to Continue Supplying Canada — to Help Sterling Exchange

British exporters are anxious to maintain their business connections in Canada a survey by The MacLean Co. of Great Britain, representing the MacLean Publishing Co. of Canada, reveals.

By far the greater proportion of a number of British firms contacted, have indicated their intention of continuing, and if possible increasing their trade with this country.

Reasons stressed in a large number of letters received are:

To provide exchange for the United Kingdom Government and expand its credit so that it may be able more easily to buy essential goods.

To retain markets already established both for present benefits and for the time when peace is restored, when demand at home may be restricted.

In cases where it is felt that Canadian business will have to be curtailed, the main reason is that plants have been turned over to the manufacture of war equipment and supplies.

Credits Essential

Providing credits in Canada is a very important consideration. The British Government has stressed the need of maintaining export trade for this reason. The experience of the last war showed that Canada in the later years played a tremendous part in supplying munitions, raw materials and foodstuffs for the allied cause. This time, owing to the industrial development that has taken place in this country and the huge increase in capacity, Canada's contribution is expected to assume vital proportions. This could be paid for in large measure by exports to this country.

Exchange Corsets for Mercury

The importance to the United Kingdom of exports in time of war was illustrated in an editorial in the London Daily Express recently as follows:

"In the last war, we had to import mercury from Spain We could only pay for the mercury by exporting corsets for Spanish women. So, at one time, men working in corset factories had to be exempted from military service. That shows the importance of exports in war. The more we sell abroad, the more war materials we can buy."

The editorial also stressed the fact that the large resources in Canada made the United Kingdom independent of foreign nations to a large extent.

Two methods which British exporters have indicated they will use to maintain and expand exports to Canada are:

Supplying the demand for goods to the best of their ability.

Maintaining advertising campaigns in Canada, so that British goods will be kept before the minds of the Canadian people.

The present discount on sterling in terms of Canadian exchange, it is realized, is an asset to the exporter in the United Kingdom.

Examples of the British attitude are had in extracts from a few of the letters received from old country exporting firms:

Maintain Advertising

One company selling druggists' supplies states: "We will do all we can to maintain our existing connections with Canada, especially as in the past these connections have been most cordial and lucrative for all concerned. Our agents....in Toronto, have cabled us that we should continue with our advertising provided we can keep up supplies, and we can do this quite easily with the exception of slight delay through shipping difficulties. Therefore we have no hesitation whatsoever in proceeding with our advertising and sales arrangements laid down before the outbreak of war."

A manufacturer of metal sheets and plates states:

"It is our intention to carry on with our export inasmuch as we are in line with what the Government will allow. We should much rather carry on with the export business, than go in for the present war work, but unfortunately with regard to the latter, we have no alternative."

Another firm handling printers' machinery and equipment says:

"It is the intention of this company to continue, and if possible to augment our export trade with Canada and the other British Dominions."

Machine Tools

A manufacturer of machine tools writes:

"We are specialists in horizontal forging machines, which are greatly used for the armament programme and, although not yet government controlled, we do not expect to execute orders which are not required for munitions."

However, the firm hopes "to continue export trade with Canada for any armament works, providing the British Government doesn't control and confine us to home orders."

Another dealing in machine tools and small tools states its position this way:

"Export licenses are not now required for any goods for shipment to the British Dominions, Colonies, etc., which is in itself an encouragement to endeavor to continue business relations with Canada.

"We have already shown our agents in Canada in no uncertain manner that we regard business from that Dominion as a very important matter, by treating enquiries from them, by government departments in Canada, with a degree of preference, and at the present time we have on order a number of machines.

"We have already realized the importance of establishing and maintaining overseas connections in the machine tool industry, as when the present emergency is over, we shall doubtless experience a slump, and we shall have to rely upon overseas business to a very large extent to mitigate this.

"It is not our intention to lose sight of these facts, in spite of the heavy demands which are being made upon us by Government departments in this country."

So anxious is a cloth manufacturer to retain his connections on this side of the Atlantic, that he undertakes to give preference to orders from Canada and the United States, even at lower rates of profit than he could obtain in England should prices increase. Yet another firm manufacturing a well-known grocery product states that he is carrying on normal trade with Canada subject to such temporary restrictions on shipments as may tend to hamper this commerce.

Output all Earmarked

In a few cases, difficulties in maintaining export trade are seen. Two makers of machine tools state that as practically the whole of their output is earmarked for the next 18 months, they do not see any possibility of resuming exports to Canada for a long time to come.

In the last war, the United Kingdom made a successful effort to maintain the monetary value of her exports of domestic produce, as is seen by the fact that in 1913, the last complete year before the war, her domestic exports had a value of £525 millions compared with £527 millions in 1917, the last full year under war conditions.

This time, Canada is destined to play an even more important part as a source of supplies and munitions. Trade routes will be kept open at all cost. The greater purchases from Canada, which are assured, make it imperative that the United Kingdom maintain its sales to the Dominion.

NEW TYPEWRITER FACTORY

Full operation of the modern factory recently completed at Montreal by Royal Typewriter Co. was formally inaugurated this week with an open house at the plant. Erection of the plant, of advanced type of industrial construction, caps seven years of rapid expansion since the company began manufacturing operations in Canada in 1932. Source of supply for Empire as well as Canadian markets, the plant will give employment to nearly 200 workers, all but a small percentage of them Canadians. Interesting features of the plant include the floors, which are of a variety of materials, such as hardwood, cement, asphalt tile and acid-proof brick. Building was designed by T. Pringle & Son, consulting engineers, and erected by James W. Ross.

The Home Front

Canadian Red Cross Prepares To Ease Suffering in Wartime

Of the organizations that will form the Home Front in Canada, none will be better known than The Canadian Red Cross Society.

Its work and aims have become familiar to Canadians in peacetime and war. Its distinctive insignia commands the respect of all but the most callous belligerent.

When the survivors of the torpedoed Athenia landed in Scotland The Canadian Red Cross cut through all red tape, cabled aid through the medium of the British Society. When the City of Flint landed its survivors in Canada the Canadian organization jumped to ameliorate the sufferings of the first war victims.

The aims of the world-wide body might be best summed up in the Canadian Society's own words:

"In time of peace or war to carry on and assist in work for the improvement of health, the prevention of disease and the mitigation of suffering throughout the world."

In 1937 all the divisions of Red Cross in Canada spent approximately $1 million in peacetime work. In 1938 this expenditure was $750,000. Total head office expenses in the latter year accounted for about $25,000 of this expenditure. Provincial expenses are not incorporated into this amount, but individual accounts are made available. Majority of the expenditures of all bodies was made in the maintenance of 48 hospital outposts throughout the Dominion.

The Society was organized in Canada in 1896 by Dr. George Sterling Ryerson and was incorporated by an Act of Parliament in 1909. The charter was amended in 1922.

The organization is comprised of the National Society, with head offices in Toronto, and nine divisional or provisional societies, with representatives on the national committee. The provincial body is broken down into representatives of local or municipal branches.

The national and provincial societies publish annual financial statements, and the Society's charter provides that a report of its proceedings must be submitted every year not later than May 1 to the Minister of Militia and Defense and to the Minister of Health.

The Society co-operates directly with the Dominion Government in its activities, as well as with the British Red Cross Society.

Active in War

The Red Cross carries on its excellent work entirely on gifts received from the public. It is a non-political body through which governments sometimes find it desirable to distribute aid. It is in reality the official channel through which gifts may reach the Department of Militia and Defense. In wartime it furnishes extra comforts to sick and wounded soldiers and supplements work of the Army Medical Services.

The Dominion Government has already made it known to the Society that it will need the same type of services that were supplied in the last war. To that end the Red Cross has embarked on a campaign for $3 millions.

In the last war, it is estimated that the Canadian Red Cross received over $35 millions in cash and goods from Canadian people. There were 341,325 cases of materials sent overseas, of which 147,270 were supplied to hospital units in England. Assistance was given to Canada's allies.

Mapping War Plans

The Society built and equipped a number of hospitals for Canadian wounded; supplied recreation centres; provided extra comforts to prisoners of war; made rest homes for nurses, and operated ambulances in France and England.

The Red Cross is working at top speed now, mapping plans for the present war. It is preparing to meet needs of Canadian soldiers in Canada and an organization is being set up in England to assist Canadians who have enlisted with the British forces.

The pressing need for the Society's organization in war perhaps obscures the useful functions that it has been fulfilling in peacetime.

Perusal of the Society's annual report for any of the past few years will reveal the extent of the organization's activities. Typical excerpt:

"The nurses of the Outpost Service during last year travelled 62,964 miles, and made 17,323 home visits, 549 school visits where 18,536 school examinations were held . . . arranged 645 clinics at which 14,347 persons were treated . . . during the past year 26 centres in Ontario have carried on nutrition work, 45 courses being given . . . about 1,228 women attended the classes. . . ."

The National Executive Committee is composed of members of all the provincial bodies, as follows:

Hon. Senator C. P. Beaubien, A. E. Holt, Jackson Dodds, Lt.-Col. K. M. Perry, D.S.O., Montreal; Lt.-Col. A. L. Bishop, Col. J. A. Cooper, Sir Robert Falconer, Hon. G. Howard Ferguson, T. P. Grubbe, Miss Jean I. Gunn, Wills Maclachlan, Dr. John T. Phair, Mrs. H. P. Plumptre, F. D. L. Smith, and Norman Sommerville, K.C., Toronto; Mrs. W. R. Campbell, Windsor; George C. Derby, Vancouver; R. G. Hamilton, Regina; Mrs. C. D. Howe, Ottawa; J. A. MacLeod, Calgary; Dr. W. J. P. MacMillan, Charlottetown; H. C. Murphy, Halifax; Col. G. G. Nasmith, Dunsford, Ont.; Victor Sifton, Winnipeg.

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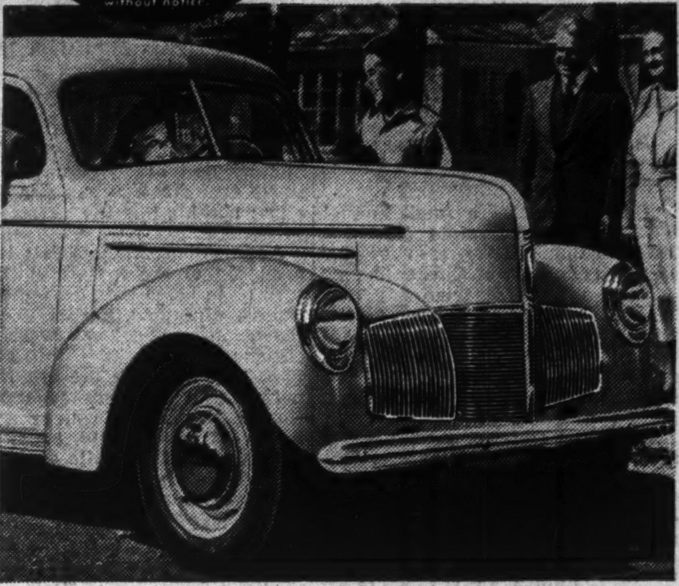

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